

repealed some of the States in the Union might adopt one or the other of these plans. Hence, voters in going to the polls are also choosing between our present plan of control of the liquor traffic and local option and State prohibition. The trouble with local option and State prohibition would be the same trouble which the people of the United States used to have. There would be no way of protecting the people in the dry States or in the dry districts from the liquor interests in the wet States.

There are two other possible alternatives. One would be a private monopoly and the other State or governmental sale, either with or without drinking on the premises (saloons). If drinking on the premises were permitted, this plan would be so nearly like those we have already considered that it needs no further discussion. If drinking on the premises was prohibited, we should have a plan similar to that which obtains in Canada. Under the Canadian system, there is a combination of private monopoly and governmental sale. It is true that where drinking on the premises is not allowed, the evils of the old saloon are more or less eliminated, but the evils of drinking alcoholic liquors would not be eliminated, and perhaps they might even be increased. In that case, people would almost be encouraged by public authority to drink alcoholic liquors. There would be the stamp of popular approval upon the business.

The Canadian experience is proof that the consumption of alcoholic liquors increases. In Canada the consumption of alcoholic liquors has doubled in the last 4 years. Now permits for the use of alcoholic liquors have been issued to more than one half of the people. Bootlegging would not be stopped by these schemes. In Canada bootlegging still continues, but mostly with people who have not taken out permits. Hence, if the liquor interests should finally decide to write in either or both of these plans of controlling the liquor traffic in the blank check which they are asking the voters to give them, the choice would not be much better than it would be if they were going to write in the open saloon or any of the other alternatives. It is doubtful if the people of the United States want to put their governments into the liquor business.

We have now named all the possible alternatives to the program of social control of the liquor traffic found in the eighteenth amendment. The choice between these alternatives and the program of social control of the eighteenth amendment is the choice which the voter must make when he chooses between the eighteenth amendment and the proposed twenty-first amendment. There are no other alternatives to the present plan which can be suggested. No one has thought of any other plans. There is no possibility of any other plans. The choice is a choice between our present plan and those we have named.

No one of these alternatives is better than our present plan. Probably each one of these would be worse than our present plan. Everyone will have to admit that the situation would be worse than it now is if the open saloon were allowed to return. High license, or local option, or State prohibition, or legal monopoly, or State governmental sale would be worse. All of these but the last two have already been tried in the United States and found wanting, and the last two have been tried in Canada and found wanting. If the voters were given a direct choice between any one or all of these alternatives and our present plan of social control, they would undoubtedly overwhelmingly vote for our present plan. The wets probably know this, and that is probably the reason why they have asked for a blank check instead of giving the voters this direct issue. But the fact that they have concealed their program for the time being, does not change the issue.

Any voter who votes for the proposed twenty-first amendment to the United States Constitution is voting for the open saloon, high license, local option, State prohibition, legal monopoly, and State governmental sale somewhere in the United States. The voter should get this point clearly. This is the real issue in the present campaign. The voters should not deceive themselves into thinking that they are going to the polls to correct some of the evils in connection with the eighteenth amendment if they vote against it. Rather they are going to vote for all of the evils of preprohibition days, including the open saloon.

It may be answered that there is no objection to this, that if one State wants an open saloon and another State wants prohibition and another State wants governmental sale, that this should be allowed. The trouble with this suggestion is that, after all, this is still one country and not 48 different countries, and the people in one part of the country have some right to say what the people in every other part of the country should do. No one State can live alone. It cannot escape the effects of what is done in other States.

One thing is sure. This Nation can not remain permanently half wet and half dry. It will have to become either all one or all the other. There is no solution of the liquor problem in compromise. Compromises only postpone the evil day. Some time the issue will have to be met, and the people of the United States will have to decide whether this country is going to be wet or dry. If it is going to become wet, then the dries must live under the domination of the wets; and if it is to become dry, then the wets must live under the domination of the dries. There is no other alternative in the case of prohibition, any more than there was in the case of slavery.

A moral question, and prohibition is a moral question, is, however, never settled until it is settled right. The wets have refused to acquiesce in the settlement proposed by the dries in the eighteenth amendment. If the wets should succeed in repealing the eighteenth amendment, the question would be no

nearer to settlement. The dries would no more acquiesce in the social control which would follow the twenty-first amendment than the wets have acquiesced in the social control of the eighteenth amendment. The wets have been impelled and are impelled by selfish motives. The dries seem to be impelled by the motive of the creation of a better social order. This would seem to indicate that the dries have the right side of this moral question. If so, all that the wets would accomplish by repealing the eighteenth amendment would be to turn back the wheels of progress 50 or more years and force the moral forces of our country to fight over again all the battles which have already been fought once in the United States. That they again would finally win there can be no doubt. Human progress demands the triumph of prohibition, because prohibition is the cause of humanity and country. If this is going to be the final goal in the United States, why should the people of the United States deliberately postpone for a few years the attainment of this final goal?

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 4 o'clock and 25 minutes p.m.) the Senate took a recess until Monday, April 10, 1933, at 12 o'clock meridian.

SENATE

MONDAY, APRIL 10, 1933

(Legislative day of Monday, Mar. 13, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

CALL OF THE ROLL

Mr. LEWIS. Mr. President, I note the absence of a quorum and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kendrick	Reed
Ashurst	Costigan	Keyes	Reynolds
Austin	Couzens	King	Robinson, Ark.
Bachman	Cutting	La Follette	Robinson, Ind.
Bailey	Dickinson	Lewis	Russell
Bankhead	Dieterich	Logan	Schall
Barbour	Dill	Lonergan	Sheppard
Barkley	Duffy	Long	Shipstead
Black	Erickson	McAdoo	Smith
Bone	Fess	McCarran	Steiner
Borah	Fletcher	McGill	Stephens
Bratton	Frazier	McKellar	Thomas, Okla.
Brown	George	McNary	Thomas, Utah
Bulkley	Glass	Metcalf	Townsend
Bulow	Goldsborough	Murphy	Trammell
Byrd	Gore	Neely	Tydings
Byrnes	Hale	Norbeck	Vandenberg
Capper	Harrison	Norris	Van Nuys
Caraway	Hastings	Nye	Wagner
Carey	Hatfield	Overton	Walcott
Clark	Hayden	Patterson	Walsh
Connally	Johnson	Pittman	Wheeler
Coolidge	Kean	Pope	White

Mr. REED. I desire to announce the necessary absence of my colleague the junior Senator from Pennsylvania [Mr. DAVIS] on account of illness.

Mr. FESS. I desire to announce that the Senator from Rhode Island [Mr. HEBERT] and the Senator from Vermont [Mr. DALE] are necessarily detained from the Senate.

The VICE PRESIDENT. Ninety-two Senators have answered to their names. A quorum is present.

FUNCTIONS OF THE FEDERAL POWER COMMISSION (S.DOC. NO. 18)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Power Commission, transmitting, pursuant to Senate Resolution 351, Seventy-second Congress, a detailed report of the functions of the Commission, including accounting, disbursing, collecting, purchasing, and personnel, together with a statement of the statutory authority for the performance of each function and the annual cost thereof, which, with the accompanying papers, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of Minnesota, which was referred to the Committee on Agriculture and Forestry:

Concurrent resolution memorializing the President of the United States, the Congress of the United States, and the Secretary of Agriculture that it is the sense of the members of the Minnesota Legislature that the United States Department of Agriculture cause a reduction in the yardage fees and feed charges of at least 30 percent of the present prices and that commission fees of commission firms operating in the terminal markets of the State of Minnesota be likewise reduced at least 15 percent of the present charges

Whereas under present economic conditions and the prices paid for livestock in our terminal markets the charges for yardage and feed by those controlling such service and commodities are not only greatly in excess of the services and facilities furnished and commodities sold therefor, but are equally in excess of the value of such service and the cost of such commodities; and

Whereas due to such economic conditions and the prices of livestock the commission fees of the commission firms operating in the terminal markets in this State are likewise exorbitant, unreasonable, and in excess of the value thereof and constitute a serious and unreasonable burden on the producer of livestock; and

Whereas it is our opinion that the yardage fees and also feed charges in the terminal markets in this State should be reduced at least 30 percent of the present amount and the commission fees of the commission firms operating in such terminal markets should likewise be reduced at least 15 percent of the present charges: Now, therefore, be it hereby

Resolved by the house of representatives (the senate concurring). That the United States Department of Agriculture and the Secretary thereof be hereby petitioned to forthwith cause a reduction in the yardage fees and feed charges of at least 30 percent of present prices and that the commission fees of commission firms operating in the terminal markets in this State be likewise reduced at least 15 percent of the present charges; be it further

Resolved. That the secretary of the State of Minnesota be and he is hereby instructed to transmit certified copies of this resolution to the President of the United States, to the Secretary of Agriculture, to the presiding officers of the Senate and the House of Representatives, and to each Member thereof of the State of Minnesota.

CHAS. MUNN,
Speaker of the House of Representatives.
K. K. SOLBERG,
President of the Senate.

Passed by the house of representatives the 1st day of April 1933.

FRANK T. STARKEY,
Chief Clerk House of Representatives.

Passed by the senate the 3d day of April 1933.

G. H. SPAETH,
Secretary of the Senate.

Approved April 5, 1933.

FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed April 5, 1933.

MIKE HOLM,
Secretary of the State of Minnesota.

I, Mike Holm, secretary of state of the State of Minnesota, do hereby certify that I have compared the annexed copy with record of the original resolution in my office of House File No. 1826, being Resolution 12, Laws of 1933, and that said copy is a true and correct transcript of said resolution and of the whole thereof.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State at the capitol, in St. Paul, Minn., this 5th day of April 1933.

[SEAL]

MIKE HOLM,
Secretary of State.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of Colorado, which was referred to the Committee on Appropriations:

Senate Joint Memorial 6 (by Senators Herrin, Knous, Sanders, Peiffer, Ehrhart, Smith, Hill, Rumbaugh, Houston, Nelson, Manly, and Unfug)

A memorial memorializing the Congress of the United States to include adequate appropriations for the continued efficient maintenance of supervision of oil, gas, coal, and nonmetallic minerals operations by the Mineral Leasing Division of the United States Geological Survey

Whereas the Congress of the United States on February 25, 1920 (41 Stat. 437), on June 4, 1920 (41 Stat. 812), and March 4, 1923 (42 Stat. 1448), and under special agreement by the United States, passed certain laws regulating production of oil, gas, coal, and nonmetallic minerals on the public domain; and

Whereas one of the provisions of the act of February 25, 1920, provides that 10 percent of all moneys collected as royalties, bonuses, and rentals shall be paid into the Treasury of the United States and credited as miscellaneous receipts, and that 37½ percent shall be paid by the Secretary of the Treasury after the expiration of the fiscal year to the State within the boundaries of which the leased lands or deposits are or were located, and that

52½ percent shall be paid into, reserved, and appropriated as a part of a reclamation fund created by act of Congress approved June 17, 1902; and

Whereas the States of Colorado and other Western States own a large number of tracts of land within and adjacent to the lands of the United States, and which said lands are in grave danger of being damaged by reason of the improper drilling, mining, and producing operations, and lack of efficient supervision in the event the said Mineral Leasing Division of the United States Geological Survey is rendered less efficient by reason of the appropriation of insufficient funds by the Congress of the United States for continuing efficient and proper field supervision of said operations, and thereby both the National and State Governments will suffer by reason of lack of careful drilling and mining operations and production by irresponsible and careless operators; and

Whereas the said Mineral Leasing Division is one of the few agencies of our Government which is self-supporting and which uses only approximately 5 percent of the money collected by the Government in its supervisory operations: Now, therefore, be it

Resolved by the Twenty-ninth General Assembly of the State of Colorado. That the general assembly hereby urge and request that the Congress of the United States of America make the appropriations for the Mineral Leasing Division of the Geological Survey sufficient to enable the said Division to function efficiently for the protection of the oil, gas, coal, and nonmetallic mineral resources of the Western States of the United States, which States are vitally interested, both directly and indirectly, in the conservation of our oil, gas, coal, and nonmetallic mineral resources; and be it further

Resolved. That copies of this memorial be sent to the President of the United States, the Honorable Franklin D. Roosevelt; the Vice President of the United States; the Secretary of the Interior of the United States; the Speaker of the House of Representatives of the United States; the Director of the Bureau of the Budget of the United States; to the United States Senators and Representatives of the State of Colorado; and to the Governors of the several Western States.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of Colorado, which was referred to the Committee on Banking and Currency:

House Joint Memorial 4 (by Representatives Palmer, Constantine, Fisher, and Hirschfeld)

Whereas the State of Colorado has been throughout its history one of the most important mining States in the Union, and its growth and prosperity has been and will continue to be intimately connected with and dependent upon the mining industry; and

Whereas there is a noticeable and increasing tendency toward a revival of the mining industry in this State which if consummated will create new wealth, assist in relieving the unemployment problem, and stimulate a like revival both in agriculture and commerce; and

Whereas to accomplish the expected revival of the mining industry in this State a constant flow of new capital will be required for the financing of the industry, and no obstacle should be placed in the way of such financing; and

Whereas there is now pending in the Congress of the United States a bill "To provide for the furnishing of information and the supervision of traffic in investment securities in interstate commerce", known as the Federal Securities Act, section 14 of which provides in substance, among other interstate sale restrictions, that it shall be unlawful to use the facilities of interstate commerce in the sale of securities in any other State without complying with the securities acts of that State; and

Whereas compliance with the provisions of said section 14 would so hamper, restrict, and cripple the issuance of securities by mining companies in this State in the sale of their securities in other States that none could be sold, thus the present mining revival in this State would be brought to an abrupt close and the progress of Colorado would to that extent be stopped: Now, therefore, be it

Resolved by the house of representatives of the twenty-ninth general assembly (the senate concurring herein). That the Congress of the United States is hereby respectfully memorialized and urged to eliminate said section 14 from the Federal Securities Act or to make such necessary amendments therein as will prevent the unjust economic results to the State of Colorado as are herein set forth; and be it further

Resolved. That the Senators and Representatives of the State of Colorado in the Congress of the United States be requested to take such necessary steps as will correct the evil herein denounced, and that copies of this memorial be forwarded forthwith to the President of the Senate, to the Speaker of the House of Representatives of Congress, and to the Senators and Representatives of the State of Colorado in Congress.

BYRON G. ROGERS,
Speaker of the House of Representatives.
JAMES H. CARR,
Chief Clerk.
RAY H. TALBOT,
President of the Senate.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of

Wisconsin, which was referred to the Committee on Banking and Currency:

STATE OF WISCONSIN.

Joint resolution memorializing the Congress of the United States to provide machinery for the loaning of money to needy financial institutions

Whereas due to the present economic depression millions of people are out of employment and in dire need of ready cash to meet daily financial requirements; and

Whereas millions of dollars of these people's savings are tied up as frozen assets in financial institutions; and

Whereas many of these people and financial institutions have good collateral upon which they cannot realize due to the present money stringency; Therefore be it

Resolved by the assembly (the senate concurring). That the Legislature of Wisconsin hereby respectfully memorializes the Congress of the United States to provide the necessary machinery and credit to make possible loans to the financial institutions having frozen assets upon satisfactory collateral; be it further

Resolved. That properly attested copies of this resolution be transmitted to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.
THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.

The VICE PRESIDENT also laid before the Senate the following joint resolutions of the Legislature of the State of Wisconsin, which were ordered to lie on the table:

STATE OF WISCONSIN.

Joint resolution memorializing Congress to promptly enact the administration farm relief bill

Whereas the farm relief bill recommended to Congress by President Roosevelt is a measure which seems likely to prove of real value to the farmers, as indicated by the fact that farm prices have advanced in anticipation of the passage of this measure; and

Whereas while Congress has acted with great speed on all other recommendations made by the President, the Senate, after prompt passage of the farm relief bill in the House, has seen fit to hold up this measure; and

Whereas action on the farm relief bill, to be of much value during the present year, should be taken before completion of the seeding season on farms, which is already far advanced in a large part of the country; Therefore be it

Resolved by the senate (the assembly concurring). That the Wisconsin Legislature hereby respectfully memorializes the Congress of the United States, and particularly the United States Senate, to take prompt and favorable action on the farm relief bill which has been presented by President Roosevelt to Congress; be it further

Resolved. That properly attested copies of this resolution be sent to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

STATE OF WISCONSIN.

Joint resolution relating to reforestation in Wisconsin and other Lake States as a part of the President's emergency program for providing employment

Whereas President Roosevelt is expected to submit to the Congress in the very near future a comprehensive program for providing employment to not less than 500,000 of the unemployed in necessary reforestation, reclamation, flood control, and similar projects; and

Whereas a plan has been worked out by the Federal forestry service for a comprehensive reforestation program to be carried out on lands now owned or to be acquired by the Federal Government in Wisconsin and other Lake States, which program would afford employment to many thousands of unemployed men and involve an expenditure within these States of millions of dollars; and

Whereas reforestation is a vital need in this State, which has approximately 16,000,000 of acres of land which are unsuitable for agriculture but can be productively utilized for forestry; and

Whereas of all expenditures for reforestation 80 percent of every dollar goes to common labor, so that an extensive reforestation project in this State will help out very materially in solving the serious unemployment situation which now prevails; Therefore be it

Resolved by the assembly (the senate concurring). That the Legislature of Wisconsin hereby respectfully memorializes the President and the Congress of the United States to include a compre-

hensive reforestation project in Wisconsin and neighboring States in the emergency program for providing employment; be it further *Resolved.* That properly attested copies of this resolution be transmitted to President Roosevelt, both Houses of the Congress of the United States, and to each Wisconsin Member thereof.

C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.
THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.

The VICE PRESIDENT also laid before the Senate a resolution adopted by a mass meeting of citizens at Williston, N.Dak., serving notice upon the Governor of North Dakota and the Congress of the United States that "unless adequate supplies of food and clothing and garden seeds are supplied within 30 days, we propose to take such supplies wherever they can be found", which was referred to the Committee on Banking and Currency.

He also laid before the Senate a petition of sundry citizens of Chicago, Ill., praying for the prompt passage of legislation to provide free transportation to Liberia, West Africa, including 1 year's supplies for all of those of African descent who would voluntarily go within the ensuing 10 years, etc., which was referred to the Committee on Foreign Relations.

He also laid before the Senate resolutions adopted by Old Glory Post, No. 2044, Veterans of Foreign Wars of the United States, San Francisco, Calif., expressing confidence in President Roosevelt and the rulings of his administration and memorializing the President in the matter of pensions, disabilities, etc., to give the utmost care and consideration to the cases of service-connected disability and to the aged and infirm, which were ordered to lie on the table.

Mr. WALSH presented resolutions adopted by the General Court of Massachusetts, condemning all acts of persecution reported to be committed against members of the Jewish faith in Germany, and urging the presentation of such sentiments to the German Government, which were referred to the Committee on Foreign Relations.

(See resolutions printed in full when laid before the Senate by the Vice President on the 6th instant, p. 1322, CONGRESSIONAL RECORD.)

Mr. COPELAND presented a telegram in the nature of a petition from the secretary of the stock exchange reform committee of the Manhattan Board of Commerce, of New York City, N.Y., praying for the passage of legislation providing for the regulation in interstate commerce of the sale of investment securities, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Irish-American Independent Political Unit, Inc., of Brooklyn, N.Y., protesting against the ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented resolutions adopted at Buffalo by a citizens' protest meeting, and by the Maccabee Athletic Club, of Brooklyn, and the Bronx Jewish Democratic Club, Inc., of the Bronx, in the State of New York, protesting against the persecution and alleged mistreatment of the Jews in Germany, which were referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the New York State Chapter, Daughters of Founders and Patriots of America, of New York City, N.Y., protesting against the recognition of the Soviet Government of Russia by the United States, which was referred to the Committee on Foreign Relations.

He also presented a petition of sundry citizens of Brooklyn, N.Y., praying for the passage of legislation imposing a tax on income derived from United States bonds, and increasing the rates on second-class and parcel-post mail matter, and also increasing passport fees, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted by the Erie County Committee of the American Legion of Buffalo, N.Y., favoring the retention of the present field offices of the Veterans'

Administration, and particularly the Buffalo regional office, which was ordered to lie on the table.

He also presented resolutions adopted by the Common Council of the City of Buffalo, and the South Side Democratic Club, of Buffalo, in the State of New York, protesting against the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty with Canada, which were ordered to lie on the table.

He also presented a resolution adopted by the Substitute Post Office Employees' Association, of New York City, N.Y., protesting against the application of the provisions of recent economy legislation to substitute post-office employees, and favoring an increase in their salaries to correspond with the 1928 level, which was ordered to lie on the table.

Mr. KEAN presented the following joint resolution of the Legislature of the State of New Jersey, which was referred to the Committee on Foreign Relations:

STATE OF NEW JERSEY.

Joint Resolution 4, Laws of 1933

A joint resolution memorializing the Senate of the United States to ratify the treaties now pending before it relating to the adherence of the United States to the World Court

Whereas the present economic disturbance in this country and throughout the rest of the world is directly related to the late war and to the present lack of international confidence; and

Whereas the completion of the adherence of the United States to the World Court as one practicable substitute for war would be a stabilizing influence in world affairs; and

Whereas the United States is in good faith bound to make effective the resolution passed by the United States Senate 7 years ago, in 1926, by a vote of 76 to 17, providing for the entry of this country into the Court if five conditions were met; and

Whereas in the view of the Department of State, the American Bar Association, and the New Jersey Bar Association these five conditions are entirely met by the three World Court treaties now on the United States Senate's Executive Calendar; and

Whereas to subject to further postponement a question which is of first importance and which has already been before the Senate and the country in some form for 10 years is a contradiction of sound legislative procedure: Be it

Resolved by the Senate and General Assembly of the State of New Jersey:

1. That the Legislature of the State of New Jersey respectfully urges the Senate of the United States speedily to ratify the three pending World Court treaties, thus completing the adherence of the United States to the World Court.

2. That copies of this resolution be transmitted to the Honorable HAMILTON F. KEAN and the Honorable W. WARREN BARBOUR, the representatives of this State in the United States Senate.

3. This joint resolution shall take effect immediately.

Approved March 14, 1933.

STATE OF NEW JERSEY,
DEPARTMENT OF STATE.

I, Thomas A. Mathis, secretary of state of the State of New Jersey, do hereby certify that the foregoing is a true copy of an act passed by the legislature of this State and approved by the Governor the 14th day of March A.D. 1933, as taken from and compared with the original now on file in my office.

In testimony whereof I have hereunto set my hand and affixed my official seal at Trenton this 16th day of March 1933.

[SEAL] THOMAS A. MATHIS,
Secretary of State.

Mr. BAILEY presented the following joint resolution of the Legislature of the State of North Carolina, which was referred to the Committee on Agriculture and Forestry:

Joint Resolution 37

A joint resolution endorsing the proposal of President Roosevelt to develop a vast national laboratory in which to combine agricultural development, flood control, power development, and the reclamation of the forests in the valley of the Tennessee River and its tributaries

Whereas President Franklin D. Roosevelt has recently recommended the logical and coordinated development of the Tennessee River Valley and watershed as a "vast internal development encompassing reforestation, reclamation, water power, and agricultural rehabilitation, with the aim of balancing the national population anew between cities and the country"; and

Whereas Mr. Roosevelt has made known his purpose, as he takes office on March 4, to ask the various Government departments involved to make surveys with a view to putting the proposition up to Congress at an early date: Therefore be it

Resolved by the house of representatives (the senate concurring), That the Tennessee Valley project as outlined and enthusiastically proposed by President Franklin D. Roosevelt is hereby heartily endorsed as a reasonable, far-reaching, and constructive effort to furnish productive work for the unemployed and as a "vast national laboratory in which to combine the five elements of agricultural development—flood control, power devel-

opment, reclamation, and reforestation—into a single coordinated movement to improve human life."

Sec. 2. That the facilities and cooperation of the State departments dealing with the natural and human resources involved are hereby pledged to the President and the Congress in the planning and carrying out of this project so far as the law and available financial resources will permit.

Sec. 3. That copies of this resolution be sent by the secretary of state to the President of the United States, the Secretary of Interior, the Secretary of Commerce, the United States Senators from North Carolina, and the Members of the House of Representatives of North Carolina.

Sec. 4. That this resolution shall be in full force and effect from and after its ratification.

In the general assembly, read three times and ratified this the 5th day of April 1933.

R. L. HARRIS,
Speaker of the House of Representatives.
A. H. GRAHAM,
President of the Senate.

STATE OF NORTH CAROLINA,
DEPARTMENT OF STATE.

I, Stacey W. Wade, secretary of state of the State of North Carolina, do hereby certify the foregoing and attached (two sheets) to be a true copy from the records of this office.

In witness whereof I have hereunto set my hand and affixed my official seal.

Done in office at Raleigh this 6th day of April A.D. 1933.
[SEAL] STACEY W. WADE,
Secretary of State.

ATHLETIC EQUIPMENT FOR EX-SERVICE MEN

Mr. ROBINSON of Indiana presented a communication embodying a resolution adopted by the American Legion, Disabled American Veterans, Spanish-American War Veterans, and Veterans of Foreign Wars, all of the Department of Indiana, which was referred to the Committee on Military Affairs, and the resolution was ordered to be printed in the RECORD, as follows:

Whereas there are today thousands of mentally deficient ex-service men in Veterans' Administration homes and hospitals who are desperately in need of some kind of physical exercise and training; and

Whereas no provision at the present has been made to provide suitable athletic garments in which to take exercise of this kind; and

Whereas the United States Army and Navy have on hand thousands of athletic garments, gym shoes, socks, sweaters, and other wearing apparel listed as surplus stock which they are selling at cost; and

Whereas this surplus stock could be used to better equip the men in the hospitals and homes for their benefit in calisthenics with little cost to the Government: Therefore be it

Resolved, That the following recognized service organizations in meeting assembled the 20th day of February 1933 do hereby petition the Senate to pass legislation whereby surplus stock which can be used for this purpose be allotted the Veterans' Administration for the comfort of ex-service men during gymnastics.

REMONETIZATION OF SILVER

Mr. McCARRAN. Mr. President, I present a joint resolution of the Legislature of the State of Nevada memorializing Congress for the passage of the Wheeler silver bill, providing for the remonetization of silver at the ratio of 16 to 1.

The joint resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

STATE OF NEVADA,
Department of State, ss:

I, W. G. Greathouse, the duly elected, qualified, and acting secretary of state of the State of Nevada, do hereby certify that the foregoing is a true, full, and correct copy of the original Senate Joint Resolution No. 14, introduced by Senator Marsh February 15, 1933, now on file and of record in this office.

In witness whereof I have hereunto set my hand and affixed the great seal of state at my office in Carson City, Nev., this 6th day of March A.D. 1933.

[SEAL] W. G. GREATHOUSE,
Secretary of State.

Senate joint resolution memorializing Congress to pass the so-called Wheeler bill, providing for the coinage of silver at the ratio of 16 to 1

Whereas there is now pending before Congress an act introduced by Senator WHEELER, of Montana, providing for the coinage of silver at the ratio of 16 to 1; and

Whereas the silver industry is of vital importance to the people of the State of Nevada; and

Whereas it is the belief of the people of this State that the enactment of the said measure will restore prosperity to our State in a greater degree than any other measure or plan before Congress: Now, therefore, be it

Resolved by the Senate and the Assembly of the State of Nevada, That Congress be urged to enact the so-called "Wheeler bill" into law; and be it further

Resolved, That the secretary of state transmit certified copies of this resolution to the President of the Senate and the Speaker of the House of Representatives, and to our Senators and Representatives in Congress.

MORLEY GRISWOLD,
President of Senate.
V. R. Merialdo,
Secretary of Senate.
FRED S. ALWARD,
Speaker of the Assembly.
GEORGE BRODIGAN,
Chief Clerk of the Assembly.
STATE OF NEVADA,
EXECUTIVE DEPARTMENT.

Approved March 6, 1933, 9:10 a.m.

F. B. BALZAR, Governor.

PROTECTION OF GOVERNMENT RECORDS

Mr. ROBINSON of Arkansas, from the Committee on Foreign Relations, to which was referred the bill (H.R. 4220) for the protection of Government records, reported it with an amendment in the nature of a substitute and submitted a report (No. 21) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BORAH:

A bill (S. 1222) for the relief of Ernest W. Jermark; to the Committee on Claims.

A bill (S. 1223) to protect banking and commerce against short sales of securities issued by corporations engaged therein; to the Committee on the Judiciary.

By Mr. CAPPER:

A bill (S. 1224) to aid in the conservation of crude petroleum and prevent the transportation and sale in interstate and foreign commerce of crude petroleum or the products thereof, which crude petroleum has been unlawfully produced; to invest the Secretary of the Interior with power to carry out this act, and for other purposes; to the Committee on Interstate Commerce.

By Mr. JOHNSON:

A bill (S. 1225) amending the Shipping Act, 1916, as amended, for the purpose of further regulating common carriers by water; to the Committee on Commerce.

A bill (S. 1226) to amend the retirement laws affecting certain grades of Army officers; and

A bill (S. 1227) to authorize the Secretary of War to fix the pay grade of enlisted men of the Army and the Marine Corps retired before July 1, 1920; to the Committee on Military Affairs.

By Mr. McKELLAR:

A bill (S. 1228) to restore the 2-cent postage rate on first-class mail matter; to the Committee on Post Offices and Post Roads.

By Mr. CLARK:

A bill (S. 1229) authorizing loans by the Reconstruction Finance Corporation to aid in refinancing obligations of drainage districts, levee districts, irrigation districts, and similar districts, and for other purposes; to the Committee on Banking and Currency.

A bill (S. 1230) for the relief of Bruce Bros. Grain Co.;

A bill (S. 1231) for the relief of A. H. Marshall;

A bill (S. 1232) for the relief of George Voeltz; and

A bill (S. 1233) for the relief of Royce Wells; to the Committee on Claims.

A bill (S. 1234) to provide for the appointment of an additional district judge for the eastern and western districts of Missouri; to the Committee on the Judiciary.

A bill (S. 1235) for the relief of Frank Merritt; to the Committee on Military Affairs.

A bill (S. 1236) granting a pension to Bettie Ashbrook;

A bill (S. 1237) granting a pension to Mable Forrer;

A bill (S. 1238) granting a pension to Mary J. Hahn;

A bill (S. 1239) granting a pension to Sarah C. League;

A bill (S. 1240) granting a pension to Andrew J. Lowe;

A bill (S. 1241) granting a pension to Mollie C. Miller;

A bill (S. 1242) granting a pension to Robert Muir;

A bill (S. 1243) granting a pension to Herman Reissenbigler;

A bill (S. 1244) granting a pension to Retta Tunnell;

A bill (S. 1245) granting a pension to Frank Vance;

A bill (S. 1246) granting an increase of pension to Mary V. Conine;

A bill (S. 1247) granting an increase of pension to Rose B. Hile;

A bill (S. 1248) granting an increase of pension to Salina P. James;

A bill (S. 1249) granting an increase of pension to Susan A. Jones;

A bill (S. 1250) granting an increase of pension to Francis W. Mudd;

A bill (S. 1251) granting an increase of pension to Eliza Rogers; and

A bill (S. 1252) granting an increase of pension to Sarah F. Waid; to the Committee on Pensions.

By Mr. KEAN:

A bill (S. 1253) to amend paragraph 31 (c) of section 7 of an act entitled "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes", approved July 1, 1902, as amended; to the Committee on the District of Columbia.

A bill (S. 1254) for the relief of Philip W. Kerley; to the Committee on Naval Affairs.

By Mr. MCGILL:

A bill (S. 1255) to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.; and

A bill (S. 1256) granting the consent of Congress to compact or agreements between the States of Kansas and Missouri for the acquisition, maintenance, and operation of a toll bridge across the Missouri River near Kansas City, Kans., for the construction and maintenance of connections with established highways, for the incorporation of such bridge in the highway systems of said States, and for other purposes; to the Committee on Commerce.

By Mr. SHEPPARD:

A bill (S. 1257) for the relief of Cecil M. Autrey; to the Committee on Naval Affairs.

By Mr. NEELY:

A bill (S. 1258) for the relief of Charles F. Littlepage; to the Committee on Claims.

A bill (S. 1259) granting a pension to Hosea F. Dearth;

A bill (S. 1260) granting a pension to Benjamin F. Hyde; and

A bill (S. 1261) granting a pension to Jennie Tewksbury; to the Committee on Pensions.

By Mr. WAGNER:

A bill (S. 1262) for the relief of the estate of Alice C. Lopez; to the Committee on Claims.

A bill (S. 1263) for the relief of Wiener Bank Verein; to the Committee on Foreign Relations.

By Mr. WHEELER:

A bill (S. 1264) for the relief of Halvor H. Groven; to the Committee on Claims.

A bill (S. 1265) granting a pension to certain Indians, and for other purposes; and

A bill (S. 1266) granting a pension to certain Indians on the Fort Belknap Indian Reservation; to the Committee on Pensions.

A bill (S. 1267) to authorize the issuance of a patent in fee to Eugene Long Ears; and

A bill (S. 1268) to authorize the issuance of a patent in fee to Peter Left Hand; to the Committee on Indian Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 1269) to give veterans of war service in Spanish and World War, their widows, and wives of disabled veterans who themselves are not qualified, preference in the Government and District of Columbia civil service; to the Committee on Civil Service.

By Mr. SHIPSTEAD:

A bill (S. 1270) for the relief of Howland & Waltz Co., Ltd.; to the Committee on Claims.

A bill (S. 1271) for the relief of Oscar W. Behrens; to the Committee on Naval Affairs.

RELIEF OF INSURANCE COMPANIES—AMENDMENTS

Mr. DILL submitted two amendments intended to be proposed by him to the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies, which were ordered to lie on the table and to be printed.

Mr. WALSH submitted an amendment intended to be proposed by him to the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies, which was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 3, after line 25, insert the following new section:

"SEC. 4. The Reconstruction Finance Corporation shall not make any loans under the Reconstruction Finance Corporation Act, as amended, or under the Emergency Relief and Construction Act of 1932, (1) if at the time of such loan any officer, director, or employee of the applicant is receiving compensation at a rate in excess of \$17,500, and (2) unless at such time the applicant agrees to the satisfaction of the corporation not to increase the compensation of any of its officers, directors, or employees while such loan is outstanding. For the purposes of this section the term 'compensation' includes any salary, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise, for personal services."

RELIEF OF AGRICULTURE—AMENDMENTS

Mr. KING and Mr. McKELLAR each submitted an amendment, and Mr. SHIPSTEAD submitted four amendments, intended to be proposed by them, respectively, to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which were severally ordered to lie on the table and to be printed.

Mr. CAREY submitted an amendment in the nature of a substitute intended to be proposed by him to House bill 3835, the agricultural relief bill, which was ordered to lie on the table and to be printed.

Mr. WAGNER submitted an amendment intended to be proposed by him as a substitute for title 2 of House bill 3835, the agricultural relief bill, which was ordered to lie on the table and to be printed.

MURIEL CRICHTON

Mr. COPELAND submitted the following resolution (S.Res. 60), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate is authorized and directed to pay, out of the appropriation for miscellaneous items, contingent fund of the Senate, fiscal year 1933, to Muriel Crichton, such sums, not to exceed a reasonable amount, as may be necessary to defray her expenses incurred for hospitalization and medical care as a result of injuries suffered in the Senate wing of the Capitol Building.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

FRENCH ADVERTISING FOR FOREIGN MARKETS

Mr. PITTMAN. Mr. President, I hold in my hand a press dispatch from Mr. Wallace Carroll, staff correspondent to the United Press, dated Paris, April 10. It is an analysis of the report on the budget estimate delivered to the French Chamber on the item of 33,000,000 francs for foreign propaganda. It is evidently an exceedingly interesting report in that it shows the activities of the French Government, particularly in its attempt to increase its foreign trade. I think it is a matter of very great importance at this particular time when we are dealing with legislation attempting to raise farm-commodity prices.

I have always felt that we were neglecting the foreign markets for our surplus exportable farm products. It is interesting to see the great extent to which the French Government is going in this direction. The French Government has already, during the past 2 years, been engaged in this work, largely in South America and the Orient, while I think that we have practically neglected South America and the Orient during all that period of time, notwith-

standing the very strong efforts of some of us to attract attention to that great trade. As later in this debate I intend to say something with regard to the trade of the Orient and of South America and a method of enabling them to purchase our exportable surplus, as they did in 1929 and prior thereto, I ask leave to have this dispatch to the United Press, which has been published in part in the morning newspapers served by the United Press and the remainder of it to be published in the afternoon newspapers, printed in the RECORD as a part of my statement.

I wish to say further, Mr. President, that of course I do not vouch for the accuracy of all the statements contained in the dispatch, because part of it is paraphrased; but there are certain quotations from the Budget report which are probably accurate. The report which has been quoted or paraphrased is not private, but is a public document and is exceedingly interesting. I have been informed by the Associated Press that it has just transmitted upon its wires the following statement:

The Associated Press is not engaged, never has been engaged, and will not engage in any propaganda service for any country—which, of course, includes France.

The Associated Press has now, has had, and will continue to have its own American news staff in Paris, which is responsible to the Associated Press for covering the news of France.

More than that, the Associated Press has never even been entreated by the Havas Agency or any department of the French Government to engage on its own account or jointly with Havas or anyone else in the carrying of French propaganda.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

By Wallace Carroll, United Press staff correspondent

PARIS, April 10.—The French Government has organized an amazing program to flood the United States with pro-French propaganda, utilizing prominent press services, newspapers, magazines, public speakers, and the radio to accomplish its purposes.

Its program, contemplating the set-up of an all-embracing department of American publicity to counteract German, Italian, and other agencies, was revealed in the budget of the Foreign Office submitted to the Chamber of Deputies, and containing detailed explanations of an item of 33,000,000 francs (approximately \$1,320,000) demanded by the Foreign Department in the new budget for its propaganda network.

Acquiescing in the department's demand for the publicity fund, the Chamber of Deputies adopted the budget.

The French plan as revealed in the Foreign Office explanation to the chamber is designed to reach the American people by the following methods:

First. Through the American press by a collaboration of the Agence Havas, the official French news agency, and the Associated Press of America.

Second. The introduction and furthering of French movies.

Third. Sunday night broadcasts by wireless to the United States via the British station at Rugby.

Fourth. The writing of pro-French articles for American magazines, presumably by well-known authors.

Fifth. The dispatch of lecturers and public speakers on missions to be directed by the home bureau.

In explanation of its purposes the foreign department said that "the American people go to no trouble to inform themselves. We must place before their eyes some simple truths."

"We must remember", it continued, "that the American, above all else, is a business man. He knows how to count. He is dominated by a sporting spirit. An American may honestly ruin his best friend just to prove he is the stronger—and then offer him his hand and help him to arise. Friendship has nothing to do with his business."

"The American people are ignorant of their own history. They must not be expected to know French history."

"The American female element has an important viewpoint. We must particularly address ourselves to them."

Describing the proper manner of "reaching" the American press, the budget explanation states that the Government has decided on a plan of getting to newspapers in the United States directly without using the correspondents stationed in Paris.

"This would be done", it says, "through the collaboration of the Agence Havas and the Associated Press of America."

The report verges on the humorous when it describes the method of attracting public attention in the United States to the French cause. It urges that good-looking, active young speakers be sent to the United States, "instead of unhealthy-looking, decrepit, tired, feverish, worn-out, coughing, and trembling old men bound into frock coats."

"They have to be put to bed upon their arrival, with hot-water bottles at their feet, and be awakened just in time for their conferences, when they are rushed to the station with a thousand precautions", it continued. "That is why France is pictured as a tired, worn-out country."

Nearly 100 pages of the official budgetary document are devoted to American propaganda plans.

The whole propaganda program, contained in a 175-page official document of the Foreign Office, devoted the first 59 pages to details of reorganization of the Foreign Office press bureau, and then said:

"As concerns America, profound inquiries have been made among French personalities who recently have returned from the United States concerning the anti-French campaign and means of defeating it, as well as inquiry among American personalities and American journalists resident in Paris. These inquiries have allowed us to establish a general basic plan to be undertaken in the near future by the development of the press service at the Quai D'Orsay, through collaboration of the Associated Press and the Havas News Agency. * * *

"Our program consists of gathering European news and organizing the diffusion of this news, as judiciously adapted as possible, to foreign countries. The extent of this program has required several steps: First, in 1931 and through 1932, our efforts were consecrated to the organization and the diffusion of European news of French origin to South America, the Orient, and north Africa.

"It is hoped by the end of 1933 to circulate this news throughout Europe insofar as circumstances in each country permit.

"It will be possible to reach the United States and, in a general fashion, all North American nations otherwise than through the intermediary of foreign newspaper correspondents.

"The Quai D'Orsay press section is now organizing for the direction, through the collaboration of one of our principal news agencies, of French news going abroad, especially to America. The Quai D'Orsay assures the technical and financial control of this news service."

The budget report states, in connection with the French propaganda, that propaganda expenditures during 1933 of nine European governments, as listed in the budget, show a total estimate of 602,000,000 francs (about \$24,000,000), as follows:

	Francs
Germany.....	256,000,000
Italy.....	119,000,000
France.....	71,000,000
ALL DEPARTMENTS	
Great Britain.....	69,000,000
Poland.....	26,000,000
Hungary.....	23,000,000
Czechoslovakia.....	18,000,000
Jugoslavia.....	13,000,000
Rumania.....	7,000,000

SOCIAL ISSUES BEFORE THE SUPREME COURT—ARTICLE BY FELIX FRANKFURTER

Mr. NORRIS. Mr. President, I have in my hand a copy of the Yale Review, of the spring issue of 1933, in which is an article written by the Honorable Felix Frankfurter on the subject of the Social Issues Before the Supreme Court. I regard the article as being exceedingly interesting and informative, and ask unanimous consent that it may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

In this the fourth winter of our discontent it is no longer temerarious or ignorant to believe that this depression has a significance very different from prior economic stresses in our national history. "The more things change the more they remain the same" is an epigram of comfortable cynicism. There are new periods in history, and we are in the midst of one of them. Not that the new era has come overnight. Epochal changes germinate slowly, and dates in history are deluding. They mark end as much as beginning. To say that even the World War ushered in a new era is to foreshorten events. To be sure, the debacle of three mighty empires, the Russian revolution and its violent break with the past, the dislocation of a world economy, the emergence and resurgence of nationalism, the intensification of technological processes induced by the war, all loosed economic and social forces far more upsetting to the preexisting equilibrium than the changes wrought by the French Revolution and the Napoleonic wars. But these powerful solvents only reinforced major influences operating in our national economy. The absorption of free land, the steady drift from rural to a predominantly urban society, with economic consequences of changes in both the distribution of population and the significant decline in the rate of its growth, the attainment of the saturation point in railroad construction—itsself an index of the general shift from the winning of a new country to its maintenance—the implications of technological advances both in industry and agriculture, the enormous extension of leisure among the mass of people, the new areas of foreign industrial and agricultural competition, the vast burden of public and private indebtedness—these have for some time been powerfully at work in the making of a new American economic society.

Unfortunately, these new forces left substantially untouched the direction of our political action. We assumed a continuing validity for the economic theories of pioneer America while fact was insidiously undermining theory. Recognition was lacking of the need for adequate social control of our transforming material development. To realize that there is a new economic order and to realize it passionately is the central equipment for modern statesmanship. "The world", writes Sir Arthur Salter, "is now at

one of the great crossroads of history. The system, usually termed 'capitalist', but I think better termed 'competitive', under which the western world has made its astonishing progress of the last century and a half, has developed deep-seated defects which will threaten its existence unless they can be cured. We need to reform, and in larger measure to transform this system. We need so to improve the framework of law, of institutions, of custom, and of public direction and control that the otherwise free activities and competitive enterprises of man, instead of destroying each other, will inure to the general good. In the organization of industry, of credit, and of money we need to supplement the automatic processes of adjustment by deliberate planning. This is the specific task of our age. If we fail, the only alternatives are chaos or the substitution of a different system inconsistent with political and personal liberty, perhaps after an intervening period of collapse and anarchy."

In our scheme of government readjustment to great social changes means juristic readjustment. Our basic problems—whether of industry, agriculture, or finance—sooner or later appear in the guise of legal problems. Prof. John R. Commons is therefore justified in characterizing the Supreme Court of the United States as the authoritative faculty of economics. The foundation for its economic encyclicals is the Constitution. Plainly, however, constitutional provisions are not economic dogmas and certainly not obsolete economic dogmas. A classic admonition of Mr. Justice Holmes cannot be recalled too often—"A constitution is not intended to embody a particular economic theory, whether of paternalism and the organic relation of the citizen to the State or of laissez faire. It is made for people of fundamentally differing views, and the accident of our finding certain opinions natural and familiar or novel and even shocking ought not to conclude our judgment upon the question whether statutes embodying them conflict with the Constitution of the United States."

By its very conception the Constitution has ample resources within itself to meet the changing needs of successive generations. For "it was made for an undefined and expanding future and for a people gathered and to be gathered from many nations and of many tongues." Through the generality of its language the Constitution provided for the future partly by not forecasting it. If the Court, aided by the bar, has access to the facts and heeds them, the Constitution is flexible enough to respond to the demands of modern society.

And so American constitutional law is not a fixed body of truth but a mode of social adjustment. Indeed, the Constitution owes its continuity to an uninterrupted process of change. "The Constitution cannot make itself; somebody made it, not at once but at several times. It is alterable; and by that draweth nearer to perfection; and without suiting itself to differing times and circumstances it could not live. Its life is prolonged by changing seasonably the several parts of it at several times." So wrote the shrewd Lord Halifax, and his words are as true of our written Constitution as of that strange medley of imponderables, the British Constitution. A ready sense of the need for alteration is perhaps the most precious talent required of the Supreme Court. Upon it depends the vitality of our Constitution as a vehicle for life.

Public law is thus a most potent instrument of public policy. The significant cases before the Supreme Court are not just controversies between two litigants. They involve large public issues, and the general outlook of the Justices gives direction to their judicial views. In law also, where one ends, depends much on one's starting point.

The Supreme Court's right and wrong are drawn most frequently from broad and undefined clauses of the Constitution. A few simple-seeming terms like "liberty" and "property", indeterminate phrases like "regulate commerce" * * * among the several States" and "without due process of law" are invoked in judgment upon the shifting circumstances of a dynamic society. Phrases like "due process of law" are of "convenient vagueness". Necessarily their content is derived from without, not revealed within the Constitution. The gloss that is put upon them controls the Nation's efforts to meet its tasks. The capacity of States to control or mitigate unemployment, to assure a living wage for the workers, to clear slums and provide decent housing, to make city planning effective, to distribute fairly the burdens of taxation—these and like functions of modern government hinge on the Supreme Court's reading of the due-process clause. The various attempts in the past to subject great economic instrumentalities to social responsibility—the Stockyards Act, the Grain Futures Act, the Transportation Act, the child labor law—depended upon what the lawyers call interpretation of the commerce clause. But what is interpreted depends on who interprets. The fate of such laws turned on facts and assumptions which underlie the social valuations of the Judges. Again, the thorny controversies affecting business combinations and trade unions are also described as interpretations of the Sherman law and the Clayton Acts. But the results were determined by the Court's view of our industrial scene. So also the opinions of the Justices regarding the activities of trade associations and cooperatives vary with the general context in which different Justices place the economic data deemed relevant to judgment. The sharp conflicts to which control of the railroads and other public utilities gives rise derive not from variant readings of the same English text. They are nurtured in different economic cultures; they are the concrete expressions of different social philosophies.

The Justices of the Supreme Court are arbiters of social policy because their duties make them so. For the words of the Consti-

tution which invoke the legal judgment are usually so unrestrained by their intrinsic meaning or by their history or by prior decisions that they lead the individual Justice free, if indeed they do not compel him, to gather meaning not from reading the Constitution but from reading life. Only an alert and self-critical awareness of the true nature of the judicial process in these public controversies will avert the translation of discredited assumption or unconscious bias into national policy.

In a period of rapid change like ours, the pace of social adjustments must be quickened. Poignant experience has made us realize the public implications of interests heretofore treated as private. Such interests must be stripped of many of their past immunities and subjected to appropriate responsibility. Courts will thus be called upon to make and to sustain extensive readjustments.

For example, the law must become more sophisticated in its conception of trustees' obligations. It must sharpen and extend the duties incident to the fiduciary relations of corporate directors and officers. The whole process of corporate salaries disproportionate to services rendered must be fearlessly faced, but especially the abuse of agreement for swollen contingent compensation. The Bethlehem Steel bonus system is a notorious example. Another instance, recently before the courts, merits recital. The directors of the American Tobacco Co. in 1912 initiated a bylaw authorizing six senior officers to divide among themselves 10 percent of any annual profits in excess of those earned by the company in 1910. Since 1921, \$10,000,000 has been thus distributed. In addition to his regular salary of \$168,000 and "special cash credits" of \$273,000, the president of the company in 1930 received a bonus of \$840,000. Even these rewards, apparently, did not provide sufficient incentive. The directors therefore adopted an employee stock-subscription plan, which resulted in the sale to themselves, as officers-employees, of 32,000 shares of stock at \$25 a share when the market price was \$112. The millions which the president and vice president of the American Tobacco Co. thus received appeared to a majority of the United States Circuit Court of Appeals, in New York, only reasonable compensation for making Lucky Strike the most popular cigarette in the world. That court seemed impressed by the fact that both schemes were approved by the stockholders. To which Judge Thomas W. Swan, with real insight into the actualities of corporate management, suggested, in his dissent, that the shareholders when they adopted the bylaw in 1912 could hardly have anticipated that they were conferring upon their president in 1930 a bonus five times his salary, or that through the employee stock-subscription plan three fifths of the stock would be allotted to directors by themselves. Equally unreal seems the court's failure to explore whether the conventional assent by proxies really signifies considered approval.

An effort to secure a reversal of this decision in the Supreme Court unfortunately failed. On technical considerations which cannot here be canvassed, that Court (Mr. Justice Roberts not sitting) invoked a doctrine of convenience against consideration of the case by the Federal courts, and left the matter to the New Jersey courts because the American Tobacco Co. was organized under New Jersey law. Against this disposition three of the Justices—Brandeis, Stone, and Cardozo—protested. They found that "a breach of the fiduciary duties of the directors is a legitimate inference from the allegations", and therefore they could not agree that a "proper exercise of discretion" required them "to deny to the petitioner the relief to which he is so clearly entitled." Mr. Justice Stone admirably expressed the far-reaching objections to the considerations of parochialism to which the Supreme Court, most surprisingly in the light of precedents, deferred in this case: "Extension of corporate activities, distribution of corporate personnel, stockholders, and directors through many States, and the diffusion of corporate ownership, separated from corporate management, make the integrity of the conduct of large business corporations increasingly a matter of national rather than local concern, . . . to which the Federal courts should be quick to respond, when their jurisdiction is rightly invoked."

The case furnishes an illuminating glimpse into the traditional operations of big business and its opportunities for socially indefensible profit to the insiders. On February 10, 1933, the president of the American Tobacco Co. announced that he had "decided to decline the allotment" of 13,440 shares made him in 1931. The law cannot long continue to give such unbridled rein to the acquisitive motive. Our social health cannot afford it.

Disastrous defects have been exposed in our financial institutions; tighter controls must be devised. Secretary Mills calls for legislation that will "remedy the fundamental weakness of our banking structure." Schemes have been adumbrated for a unified national banking system which raise intricate questions of policy and administration as well as of constitutionality. All these will call for judicial understanding of banking and finance, their relation to government and industry and agriculture. But surely legislation and courts must also address themselves to the disclosed tendency of banks to confound three functions which ought to be kept fastidiously segregated:

1. Savings banks. It is the obligation of the savings bank to take practically no risk. Safety is the prime objective.
2. Commercial banking. The financial needs of merchants and manufacturers make it necessary to take business risks. Banks should not avoid these risks, but should know whom to trust and when.
3. Security banking—the buying and selling of securities. This involves not only knowledge of fundamental merits but also knowledge of markets, of social and political movements and the like.

By combining these three functions our banking men have not only dulled and confused their banking wits, they have sometimes also confused the funds of the three departments of banking and thereby disregarded trust obligations. The Glass bill in part addresses itself to some of these abuses. The development and enforcement of effective legal standards for the promotion of sound banking require insight into financial facts, a sympathetic understanding of legislative proposals and the application of exigent public policy, all too frequently forgotten.

Cutting across all our problems are the manifold aspects of taxation. The enormous increase in the cost of society and the subtle forms which modern wealth so largely takes are putting public finance to its severest test. To balance budgets, to pay for the cost of progressively civilized social standards, to safeguard the future, and to divide these burdens with substantial fairness to the different interests in the community—these endeavors present problems more grueling than were ever faced by Colbert or Hamilton. Financial statesmanship must constantly explore new sources of revenue and find means to prevent the circumvention of their discovery. Such a task is bound to fail without wide latitude for experimentation, within the most promising areas of trial, in devising and executing fiscal measures. No finicky limitation upon the discretion of those charged with the duty of providing revenue, nor jejune conceptions about formal equality should circumscribe the necessarily empirical process of tapping new revenue or stopping new devices for its evasion. The fiscal difficulties of government at best are hard and thorny. They ought not to be made insuperable by reading into the Constitution private notions of social policy. Too often talk about scientific taxation is only a verbal screen for distributing the incidence of taxation according to traditional notions. Judgments of fairness in taxation, as in other activities of government, are functions of their time. Governing ideas of taxation of the eighteenth century, or even of the nineteenth century, were not permanently frozen into the Constitution.

Indeed, we must recognize the profound shift in the very purposes of taxation. Senator Root once reminded the American bar that "the vast increase of wealth resulting from the increased power of production is still in the first stages of the inevitable processes of distribution." Mr. Root was himself a member of an administration which employed the taxing power as one of the instruments for such distribution. Theodore Roosevelt was the first President avowedly to use the taxing power as a direct agency of social policy. More and more it is bound to serve as a powerful means for directing the modern flow of wealth to social uses. The historical ambitions of American democracy and fiscal necessities alike demand it.

"The true principle of a free and popular government would seem to be so to construct it as to give to all, or at least to a very great majority, an interest in its preservation; to found it, as other things are founded, on men's interest. . . . The freest government, if it could exist, would not be long acceptable if the tendency of the laws were to create a rapid accumulation of property in few hands and to render the great mass of the population dependent and penniless. . . . Universal suffrage, for example, could not long exist in a community where there was great inequality of property." So wrote Daniel Webster in his famous oration celebrating the bicentennial of the Pilgrims' landing. A hundred years later, "great inequality of property" is characteristic of our national economy. Perhaps its most devastating consequence is the permeation of American life with material preoccupations. Even a President of the United States could say that the business of America is business, without realizing that he was uttering words of condemnation. The Federal statistics of income dryly tell the tale only in part, as figures do. For a representative year before the depression, out of 6,787,481 who filed income-tax returns 5,003,155 reported incomes below \$3,000, and 6,193,270 incomes below \$5,000; while 4,031 had incomes above \$100,000, 1,860 had above \$150,000, 537 above \$300,000, 228 above \$500,000, and 67 above \$1,000,000 a year. Beneath such quiet figures lie, perhaps, the most pulsating problems of American society.

The law's concern with taxation covers a very wide front, and it must extensively modify its precedents and its predispositions. Much new legislation is indispensable; effective investigation must precede legislation; sympathetic judicial insight will have to support the legislation. Leaks must be stopped; skillful avoidances and evasions must be circumvented. In part, this will involve a correction of detail, a reversal of rulings and decisions both of the taxing agencies and of the courts. More drastic changes will also be required. Professional skill and imagination, if directed to increase of revenue and not to protection of heavy taxpayers, will be able to overcome strained interpretations of the Supreme Court and to limit the baneful effects of some of its holdings of unconstitutionality. Thereby, without a doubt, vast sums will be reached which have been withdrawn from their fair share of taxation.

These are only a few of the new paths to be explored if we are to work ourselves out of the morass. Lawyers have a special responsibility in breaking these new paths and allowing free travel upon them. In this country theirs is probably the greatest power for good or evil. High technical competence is, of course, demanded in formulating the complicated adjustments necessary for our complicated society. But technical power can thwart as well as promote necessary social invention. The times demand new methods adapted to new problems, the removal of what is obstructive and wasteful in old principles or old applications.

The Supreme Court is indispensable to the effective workings of our Federal Government. If it did not exist, we should have to

create it. I know of no other peaceful method for making the adjustments necessary to a society like ours—for maintaining the equilibrium between State and Federal power, for settling the eternal conflicts between liberty and authority—than through a court of great traditions free from the tensions and temptations of party strife, detached from the fleeting interests of the moment. But because, inextricably, the Supreme Court is also an organ of statesmanship and the most powerful organ, it must have a seasoned understanding of affairs, the imagination to see the organic relations of society, above all, the humility not to set up its own judgment against the conscientious efforts of those whose primary duty it is to govern. So wise and temperate a scholar as the late Ernst Freund expressed this judgment after a lifetime's study of our Government: "It is unlikely that a legislature will otherwise than through inadvertence violate the most obvious and cardinal dictates of justice; gross miscarriages of justice are probably less frequent in legislation than they are in the judicial determination of controversies." And the Supreme Court itself has told us that "it must be remembered that legislatures are ultimate guardians of the liberties and welfare of the people in quite as great a degree as the courts."

Unfortunately the Supreme Court forgets at times to remember its own wisdom. In view of the tasks in hand, the price of judicial obscurantism is too great. Let me give two or three instances reflecting controversies neither minor in character nor resurrected from the dim past but dealing with the liveliest issues of our day.

The reorganization of the St. Paul has implications far beyond the receivership even of an important railroad. In one form or another, whether through administrative action or legislation or voluntary arrangement or a combination of these, we must contract the capital structures, certainly of some of the railroads. This process will entail the interplay of financial and moral considerations and will demand the best thought of our regulatory agencies. The recent decision of the Supreme Court in the St. Paul case thus affects railroad credit, the financial burdens incident to railroad consolidation, the effective powers of the Interstate Commerce Commission to protect the public interest, and, not least, the standards of fiduciary obligation of investment bankers.

According to Mr. Justice Stone, the question before the Supreme Court was "whether the salutary provisions" of the Interstate Commerce Act can be avoided. Can "an issue of securities to defray excessive reorganization expenses" be withdrawn from the control of the Interstate Commerce Commission? The majority of the Court decided that by astuteness in the drafting of documents the bankers' lawyers had deprived the Commission of power to enforce necessary public safeguards. As a result the reorganization managers of the St. Paul secured for themselves over a million dollars and half a dozen New York law firms an amount estimated by one of the managers to be between two thirds of a million and a million.

The minority opinion, representing the views of Justices Stone, Holmes, and Brandeis, characterizes the methods by which the bankers and lawyers were able to get these fees without Commission regulation as a "failure to conform to those elementary standards of fairness and good conscience which equity may always demand." The St. Paul reorganization plan was placed before the Commission in order to obtain its approval of the securities to be issued. A majority of the Commission granted approval, but subject to the condition that testimony be taken as to the fairness of the fees and subject to such order as the Commission might make on that point. As appears from Mr. Justice Stone's statement of the facts, neither the bankers nor their lawyers disclosed an intention to take advantage of the Commission's approval in order later to deny the validity of the conditions attached to such permission.

The formal party in these proceedings was the reorganized company, which the bankers "created and controlled." They caused it to go before the Federal district court which had charge of the receivership and which had ruled that the properties could not be transferred to the new company until the reorganization securities were approved by the Commission. The bankers caused the new company to display the Commission's order to the court, but withheld their plan "to repudiate the condition upon which the order was founded." After the reorganization was thus consummated and nothing remained but settlement of the fees, the new company applied to the Federal courts for immunity against the Interstate Commerce Commission's interference with private arrangement for such fees. The lower court said that the prior moves in the game constituted "a representation" that the new company "had accepted the order and expected to comply with the condition." This was the view adopted by the minority members of the Supreme Court.

But the majority held that the Commission did not have jurisdiction, since the fees were fixed by a "contract between private persons to which the carrier was not a party." Therefore it was treated as though it were merely a contract between the reorganization managers, the committees, and the stockholders. Mr. Justice Stone and his colleagues felt that these were "technical distinctions" which "ought not to affect the authority of the Commission." He dealt with realities. "No one," he wrote, "familiar with the financial and corporate history of this country could say, I think, that railroad credit and the marketability of railroad securities have not been profoundly affected for long periods of time, if not continuously, by the numerous railroad reorganizations, in the course of which junior security holders have found it impossible to save more than a remnant of their investments, and that

only by the assumption of a heavy burden of expense, too often the result of wasteful and extravagant methods of reorganization."

Proposed railroad consolidations will involve issues similar to those in the St. Paul case. For instance, among the men who will guide the eastern roads in these consolidations are lawyers and bankers who successfully denied that the Interstate Commerce Commission had jurisdiction over their St. Paul fees. Those fees will probably appear petty in amount when compared with the bankers' and lawyers' charges for consolidating the eastern roads. If these should prove to be excessive, the losers will be the railroads, and thus the investors and the public. If the Interstate Commerce Commission attempts to determine whether the charges are reasonable or not, its authority to do so may again be put in question. These methods for avoiding control may also be employed in other phases of railroad affairs. In the past the public has relied on the Interstate Commerce Commission to regulate the railroads in the public interest. That feeling of security is disturbed by the St. Paul decision.

Foreigners are fond of calling this the land of paradoxes. Our public finances certainly justify that characterization. The richest country in the world has been the most dilatory in balancing its Budget and appears the most distracted and embarrassed in its accomplishment. I venture to believe that a major explanation is the systematically inculcated hostility to the taxation of wealth. For a decade the press has sedulously repeated the Mellon doctrine that the immunity of the rich from taxation is a blessing for the poor. In times of prosperity taxes on bloated incomes will discourage enterprise; in days of adversity there are no bloated incomes—such was the governing philosophy.

It ought not to be too surprising that this deep-seated sentiment against the taxation of wealth should be shared by members of our Supreme Court. How easily private notions of economic or social policy are transmuted into constitutional dogma is amply proved by the United States reports since the war. Enormous wealth has been withdrawn from the taxing power of the Nation and the States on the gossamer claim that otherwise governmental instrumentalities would be defeated. The history of taxation is, to no small extent, a battle of wits between skill in devising taxes and astuteness in evading them. By creating constitutional obstructions to safeguards against evasion, the Supreme Court has put the Constitution at the disposal of the evaders. A few years ago the Supreme Court sheltered great wealth by interpreting the benevolent "due process" clause on behalf of rich donors who made gifts in anticipation of tax measures especially designed for them. One might suppose the Supreme Court would at least be friendly to the effective enforcement of the inheritance tax. The social justification of that tax has become an accepted postulate even of our individualistic society. But the other day the Court, again under the blessed versatility of "due process", nullified the attempt of Congress, in response to the compelling experience of the Treasury Department, to prevent gross evasions of the inheritance tax.

From the original enactment of the estate tax law in 1916, it was realized that a single tax on estates could be too easily avoided by well-timed and astute disposition of property before death. To check such practices the act of 1916 contained two safeguards. Gifts made "in contemplation of death", and those in which the donor retained a joint interest during his lifetime, were taxed as part of his estate at death. But other means remained by which property might be withdrawn from the operation of the tax and yet remain within the effective control of the donor; he might, for example, place it in trust with a power of revocation or control reserved in himself. The possibility of escape by this device was materially reduced by legislation, which taxed gifts, by way of trust, taking effect "in possession or enjoyment" at the time of the donor's death. The courts threatened the effectiveness of much of this legislation by technical and sterile definitions of "possession or enjoyment", and in 1931 Congress was forced to close a broad avenue of escape from the estate tax by making specific provision for the inclusion of property which is transferred on trust for another but from which the income is reserved for the donor during his life.

Meanwhile the tax authorities were beset by difficulties growing out of the vague phrase, "in contemplation of death." In what degree the donor must have apprehended his end, and how to prove that apprehension, were questions which made the collection of a tax precarious at best. The devil himself, the lawyers are fond of quoting, knoweth not the mind of man; and even if he did the devil's advocate might experience considerable difficulty in proving it to a court of law. Realizing that the limited omniscience of the taxing authorities was finding it impossible to isolate successfully those gifts that were made "in contemplation of death", Congress in 1924 imposed a tax on all gifts, irrespective of date or motive, at rates equal to those under the estate tax. This general gift tax was upheld by the Supreme Court. In addition, the tax on gifts made in contemplation of death was retained, giving the Government a second string to its bow, although, of course, credit was allowed where a gift tax had already been paid on the transfer.

The arm of the Government was strengthened, moreover, by requiring the representatives of the estate to prove, where the gift was within 2 years of death, that it was not in contemplation thereof. But this shift of the burden of proof was of little value to the Government in a contest against an elderly man of wealth contemplating death with one eye and the tax law with the other. The gift tax itself promised better results, but in 1926 it was repealed. (By the Revenue Act of 1932 it has been restored.)

Congress was alive to the need of conserving the gain which the gift tax had made in the enforcement of the estate tax. Ten years' experience in administering the revenue acts had taught its lesson. Congress provided that gifts made within 2 years of death should be "deemed to have been made in contemplation of death", and so might be assessed under the estate tax. "The inclusion of this provision", reported the Ways and Means Committee of the House, "will prevent most of the evasion and is the only way in which it can be prevented." This is the provision which the Supreme Court declared unconstitutional. Again "due process" worked its charm on behalf of wealth.

In thus setting at naught the considered effort of Congress to obtain a really effective tax on decedents' estates a majority of the Court found the provision arbitrary and unreasonable, because it might apply to gifts made with no thought of death or taxes. "The young man in abounding health", writes Mr. Justice Sutherland, "bereft of life by a stroke of lightning within 2 years after making a gift, is conclusively presumed to have acted under the inducement of the thought of death, equally with the old and ailing who already stands in the shadow of the inevitable." The pity aroused by this affecting apparition of the benevolent young plutocrat is somewhat mollified by the fact that if the property had not been given to kith and kin—gifts to charity being exempted—so shortly before the donor's end it would in all likelihood have passed by will and been taxed accordingly.

The apparition fades completely before the picture drawn by Mr. Justice Stone in a dissenting opinion, in which he was joined by Mr. Justice Brandeis. (Mr. Justice Cardozo did not sit in the case.) This opinion reveals graphically by whom these gifts are made and with what effect on the operation of the taxing system. Mr. Justice Stone analyzes 102 cases in which the Government and the decedent's estate engaged in litigation over the question whether a gift had been made "in contemplation of death" under the law as it existed before the 1926 provision. He writes:

"In 20 cases, involving gifts of approximately \$4,250,000, the Government was successful; in 3 it was partially successful; and in 78, involving gifts largely in excess of \$120,000,000, it was unsuccessful. In another the jury disagreed. In 56 of the total of 78 cases decided against the Government, the gifts were made within 2 years of death. In this group of 56 donors, 2 were more than 90 years of age at the time of death; 10 were between 80 and 90; 27 were between 70 and 80; 6 were between 60 and 70; 6 were between 50 and 60; and only 1 was younger than 50. There was 1 gift of \$46,000,000 made within 2 months of death by a donor 71 years of age at death; 1 of \$36,790,000 made by a donor over 80, who consulted a tax expert before making the gift; 1 of over \$10,400,000 made by a donor aged 76, 6 months before death; and 1 by a donor aged 75 at death, in which the tax assessed was over \$1,000,000. There was 1 other in excess of \$2,000,000, 5 others largely in excess of \$1,000,000, 4 others in excess of \$500,000, 13 in excess of \$250,000, and 14 in excess of \$100,000. The value of the gifts was not shown definitely in 3 cases; 12 involved gifts totaling less than \$100,000. In the remaining 22 cases the gifts were made more than 2 years before the death of the donor."

This decision does not touch technical issues that are in the special province of learned judges. How taxes are evaded and how fine a net must be woven to keep big fish from escaping, what the experience of a decade of Federal estates administration indicated, and what means are adapted to prevent wholesale evasion—these are matters which tax administrators, members of the Ways and Means Committee, students of public finance, are as competent to understand as Mr. Justice Sutherland and his brethren. Is it not the plain truth that Mr. Justice Stone's powerful opinion deals with actualities and demolishes the hollow fabric of unreality erected by the majority? And if it be the truth, the Supreme Court has its duty toward a balanced Budget—it ought not to sanctify gross tax evasion or call the word spinning by which it does so, the Constitution.

Finally, what of the Supreme Court's attitude toward the most inclusive of all our problems, namely, how to subdue our anarchic competitive economy to reason, how to correct the disharmonies between production and consumption? This issue was raised last spring in the now famous *Oklahoma Ice case*. On the basis of watchful scrutiny of the actual operation of the ice industry in Oklahoma, the legislature of that State, acting upon the recommendation of its corporation commission, availed itself of a well-tested instrument of public control—the device of a certificate of public convenience and necessity—to subject the ice business to a regulated instead of a wildcat economy. By this means Oklahoma, within the limited area of the ice industry, endeavored to avoid excessive equipment and the demoralization of deflation and unemployment, and thereby promote stability. But the majority of the Court struck down this very modest essay in regulated economy. It denied Oklahoma's right to act upon its own experience, and, for a time, at least, unbridled competition was given the sanction of the United States Constitution.

Against such an attitude, Mr. Justice Brandeis raised his magisterial voice. It is not hazardous prophecy to believe that Mr. Justice Brandeis' opinion (concurred in by Mr. Justice Stone, Mr. Justice Cardozo taking no part in the decision) merely anticipates history, even the history of future opinions of the Court. The closing observations of this memorable dissent deserve quotation:

"To stay experimentation in things social and economic is a grave responsibility. Denial of the right to experiment may be fraught with serious consequences to the Nation. It is one of the happy incidents of the Federal system that a single courageous

State may, if its citizens choose, serve as a laboratory and try novel social and economic experiments without risk to the rest of the country. This Court has the power to prevent an experiment. We may strike down the statute which embodies it on the ground that, in our opinion, the measure is arbitrary, capricious, or unreasonable. We have power to do this, because the due process clause has been held by the Court applicable to matters of substantive law as well as to matters of procedure. But in the exercise of this high power, we must be ever on our guard, lest we erect our prejudices into legal principles. If we would guide by the light of reason, we must let our minds be bold."

The faith and enterprise which built this Nation are unimpaired. Our intrinsic resources are greater than ever. We have also the unparalleled advantage of a fluid society. Under the guidance of a Supreme Court responsive to the potentialities of the Constitution to meet the needs of our society, it would now lie within our power to have an enduring diffusion of the goods of civilization to an extent never before attainable.

PHILIPPINE INDEPENDENCE—ADDRESS BY FORMER SENATOR HAWES

Mr. CLARK. Mr. President, at the last session Congress passed an act which it was believed would finally dispose of the question of Philippine independence. It is interesting to note, however, that since the passage of that act the old forces of imperialism are gathering strength to oppose the adoption and approval of that act by the Philippine Legislature. On Saturday last former Senator Harry B. Hawes, of Missouri, one of the coauthors of the Philippine Independence Act, delivered an address at the Thirty-seventh Annual Meeting of the American Academy of Political and Social Science in Philadelphia, in which he set out the developments of the situation since the passage of the Philippine Independence Act by the last Congress. Believing that this speech presents a matter of most vital importance to the Congress, I ask unanimous consent that it may be printed in the body of the RECORD and referred to the Committee on Territories and Insular Affairs.

There being no objection, the address was referred to the Committee on Territories and Insular Affairs and ordered to be printed in the RECORD, as follows:

After 35 years of American tutelage, the Philippine people have received from the Government of the United States a tender of complete independence, of separate, sovereign nationhood. That tender has come to them in the form of an act of Congress passed on January 17 last, and as the result of long study of the present factors and the future possibilities involved in the establishment of a new nation in the Far East.

This grant of independence to the Filipinos fulfills the policy of the United States formulated in the course of the last generation. As the formulation of that policy was the joint enterprise of Republican and Democratic administrations and free from partisanship, so also its consummation has come through the efforts of all the several political groups represented in the recent Congress.

Let me review, as briefly as the need for a clear understanding of the subject will permit, the genesis and development of Philippine-American relationships and reciprocal obligations.

This meeting of your academy is its thirty-seventh. I invite you to recall certain events almost coincident with your second meeting, in 1898. At that time Spain still possessed, as the richest part of her colonial domain, the fertile islands of Cuba and Puerto Rico, adjacent to our eastern seaboard, and the seven thousand-odd islands of the Philippine Archipelago, lying near the confines of Asia, some 7,000 miles to the westward of our Pacific coast. Of Cuba we knew a good deal, of Puerto Rico much less, of the Philippines almost nothing. The Spanish-American War brought the Philippines not only within our knowledge but also within our national household.

Doubtless the delegates to your third and fourth annual meetings—those of 1899 and 1900—deliberated and debated whether we should retain or release the Philippines, for they had by that time become a political problem of considerable magnitude. One has only to read the proceedings of Congress during those years to perceive what a serious question our conquest of the Philippines had injected into our national forum. The discussion became a controversy, causing cleavages not only between but even within the two major parties.

AMERICA'S PHILIPPINE POLICY

The Filipino insurgents under Aguinaldo had aided our Army to take Manila, the capital and stronghold of Spanish power in the islands. Their services were remembered by millions of Americans who, for that reason, were unwilling that the Filipino belligerents against Spain's imperialism should again be subjected to her rule. However, not many believed that the Philippines were then prepared politically or economically to maintain a government of their own. On the other hand, the islands could not be ceded to England or Japan or France or any other power. There remained only one other course. That was for the United States to take temporary possession of the Philippines and prepare its people for independence. I pause to remark that this provisional tenure of the islands supplies the only explanation why the government

of the Philippines was then placed and has since remained under the jurisdiction of the War Department. But not even this fact should justify this anomalous arrangement.

This vesting of the War Department with a share in the administration of the civil affairs of any part or possession of the United States in time of peace is a contravention of American principles calling for abandonment. A bill to transfer to another department the authority now exercised by the War Department was introduced in the last Congress by Senator Bingham, Republican, of Connecticut, but it was not enacted. I am informed that Senator Tridings, Democrat, of Maryland, is preparing to present a similar bill in the current Congress. The law recently enacted to give the President power to reorganize or to discontinue Federal departments and bureaus might be invoked to accomplish this necessary reform in respect to the Philippines.

We find that beginning with McKinley and continuing to the present the Presidents of the United States have, all of them, contemplated the ultimate establishment of an independent Philippines having a republican form of government. This contemplation was but a reflex of public opinion, which found expression not only through the mouths of Presidents but also in declarations of Congress. So much had this become a policy and objective of the American people that by 1916 Congress found it proper and pertinent to proclaim (in the preamble of the Jones Act) that:

"It was never the intention of the people of the United States, in the incipency of the War with Spain, to make it a war of conquest or for territorial aggrandizement, and it has always been the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government could be established therein."

I am not asking you to believe that there was no dissent from this policy and program. I record with regret that notwithstanding its consonance with the principles of the American Government and its response to the wishes of the great majority of Americans there were nevertheless those—and there are still many—who demanded and now demand the retention of the Philippines. Some of these advocates of keeping the islands in contradiction of our doctrines and our promises are a little timid about voicing their true thoughts. They prefer to defeat American plans and Philippine hopes by resort to devious methods. They talk of commercial opportunities in the Far East, of American prestige in the Orient, of the danger of Japanese conquest of the Philippines after our withdrawal, of Filipino incompetence to manage an independent state, but their meaning is that they want the United States to perpetuate its sovereignty in the islands and to continue a policy that negatives every American tradition and breaks the faith we have pledged to the Filipino nation.

In this sorry enterprise Americans in the United States are abetted by Americans in the Philippines. Though only a handful—there are but 6,000 of them—the latter are most persistent—I had almost said pernicious. They disparage every design of extending self-government to the Filipino people. They inspire all manner of propaganda for circulation in the United States. They are not to be moved by President Wilson's certification to the fitness of the Filipinos for self-government, when he said:

"Allow me to call your attention to the fact that the people of the Philippine Islands have succeeded in maintaining a stable government since the last act of Congress in their behalf."

They seem equally heedless of the attitude of President Theodore Roosevelt, whose words I quote:

"Apparently its (the Wilson administration's) course in the Philippines has proceeded upon the theory that the Filipinos are now fit to govern themselves. Whatever may be our personal and individual beliefs in this matter, we ought not, as a nation, to break faith or even to seem to break faith."

There is ample warrant for the belief that but for the World War and its aftermath, the second administration of President Wilson would have hastened the solution of the Philippine problem, and that by giving the islands independence. President Wilson had counseled, even urged, the liquidation of America's obligations in the Philippines, and one of his last official recommendations to Congress was in that behalf.

ECONOMIC FACTORS AT WORK

Economic conditions in the United States during the last 3 years helped to direct the attention of the American people to the Philippine problem. American agriculture, laboring under stress, manifested a growing insistence to be relieved of competition from Philippine products entering the United States free of duty. American labor also was concerned about unrestricted immigration from the islands. The spokesmen of these groups appeared before the committees of Congress to press their demands. All of these witnesses testified to the detriment which uncertainty and undecidedness as to the islands was causing to Philippine as well as American interests, and all of them pleaded for some action that promised finality. This situation furnished an interest of national practical significance which the movement for Philippine independence had previously lacked to bring it to an issue.

Beginning on January 15, 1930, the Senate's Committee on Territories and Insular Affairs conducted exhaustive hearings for several weeks—that is, until March 10, 1930. The testimony presented to this committee constitutes a volume of 656 printed pages. Almost concurrently—on January 16, 1930—the House Committee on Immigration and Naturalization initiated hearings on a phase of the Philippine problem and took voluminous testimony. In 1932 the Senate committee resumed its inquiries, as did the House committee. Subsequently the facts they gathered

were published jointly, filling many hundreds of pages. As a result of their investigation, these committees submitted to their respective branches of Congress reports and recommendations which were almost identical in acknowledging the obligation of the United States to grant independence to the Philippines and similar in respect to the process by which they proposed to discharge the obligation. The only real difference between them concerned the time for independence. The House bill provided a transition period of 8 years, while the Senate bill provided a period of 15 years.

CONGRESS UNDERSTOOD PROBLEM

It has been said by many editors and other critics of the Philippine Independence Act that it had little, or at least insufficient, study or understanding by Congress. I have referred to the work of the several committees to show that this criticism lacks justification. Let me add that the records will show that no subject before Congress in recent years has been more fully considered than Philippine independence. Besides the reports of the committees and the testimony given at the various hearings, Members of Congress had the benefit not only of addresses by Senators and Representatives but also by authorities on the subject outside of Congress.

Congress did not, then, act without study and understanding. Its members were fully informed; and precisely because they had full information, they voted with virtual unanimity in favor of independence. The Senate and House committees by practically unanimous action reported bills to their respective branches.

The House of Representatives passed the bill on April 4, 1932, by a vote of 306 to 47. There was no roll call on the bill in the Senate when it passed that body on December 17, 1932. When the bill was again submitted to a vote in the House on January 13, 1933, following President Hoover's veto, it received 274 votes. Only 94 were cast to sustain the veto. In the Senate the veto was overridden by a vote of 66 to 26 on January 17, 1933.

Both in the House and Senate some of the few votes against the bill were cast solely upon the ground of party loyalty to the President, not by reason of intellectual conviction. This was quite apparent.

CHOICE OF ROADS TO SOLUTION

In determining and deciding the permanent status of the Philippines, Congress had the choice of 1 of 4 courses. First, it might have granted immediate independence, to be accompanied by exclusion of Filipino immigrants and the taxing of Philippine imports to the United States. Second, it might have decreed the retention of the islands and devised and established a strictly colonial form of government for them. Third, it might have incorporated them as one or more States into the American Union. Fourth, it was free to do what it has done—after weighing all the reasons for and against the adoption of the other three courses—grant independence after a period sufficiently long to allow for the gradual adjustment of the economic relations between the islands and the United States.

THE AMERICAN OFFER

It is now in order to examine the terms and conditions of the tender of independence the United States has made to the Philippine people and to consider the aims and exigencies which dictated the provisions of the independence act.

First, the act gives them almost at once a very large increase of their present autonomy—virtually complete self-government. They are to elect their own executives, legislators, and judges, levy and collect taxes, and in general order their affairs in their own way, subject to certain powers of government reserved by the United States to safeguard its sovereignty and responsibility. The Commonwealth of the Philippines to be created by this act, if and when the Filipino people ratify the new constitution, will have as large powers and authority as those of any of our own States. Its relationship and its allegiance to the United States during the intermediate period will correspond rather to those Canada bears to Great Britain than to those a State of the Union bears to the Federal Government. In short, this Commonwealth of the Philippines will be a semisovereign and semi-independent republic.

Second, Ten years after the acceptance of the act by the people of the islands the United States shall recognize and proclaim the independence of the Commonwealth of the Philippines and completely withdraw its sovereignty. With almost 50 years of preparation for self-rule, it should be a worthy addition to the democracies of the world.

DECISION RESTS WITH FILIPINOS

Upon the Filipino people now rests the responsibility of deciding whether or not they shall have independence on the terms of the act. Their decision should be their own voluntary expression, uninfluenced by pressure of any kind from us. One of the most crucial and convincing tests of their fitness for complete independence will be the exercise of this option to determine their destiny. Never before in the history of humankind has a subject people had at once the opportunity and the full freedom to elect whether they should continue under the rule of another race and nation or choose their own way of life.

If the Filipinos make the choice of independence, fully understanding its responsibilities and burdens, they will have proved the sincerity of their 30 years of petitioning for what has at last come to them. If they reject this tender, they should know that, no matter how imperative their reasons may seem to them, their action will be taken in this country to verify the charge that they have never had a genuine longing for free nationhood, but had

been making independence a device of domestic politics. That such should be the impression in America might be unfair to the Filipinos and regrettable, but it is well for them to understand in advance just how their rejection of the act will be regarded in the United States. Nor is this all. If the issue of independence were thus eliminated by the rejection of the act, then the dominant moral issue of liberty and independence, which for all these years has shielded them against unjust discrimination and material injury arising from their economic or social relations with the United States, could no longer be raised; and in such case it would not be at all improbable that greater restrictions of trade and immigration than those provided in the act would be imposed upon them by Congress.

We know that in the past certain officials of the War Department and officers of the Army have actively opposed independence. That was true even in the recent past. We are aware also that representatives of certain American financial and industrial interests have put obstacles in the path to independence. They have for years resisted the logic of events. They have originated propaganda with which to mislead the American public and even the editors of American newspapers. By this propaganda they have aroused prejudice among Americans against the Filipino people and inspired resentment among the latter.

I do not dispute the right of these groups to oppose independence heretofore; but to them and to all other Americans, whether in the United States or in the Philippines, I would say that the matter is now settled by the branch of our Government on which the Constitution places the responsibility and the duty of deciding it. A decision having been made, it should command the respect of all Americans.

This act of Congress gives the Filipino people the right to reject or accept it. Our plain duty as Americans is to clarify and explain our tender of independence; to assist them to a full understanding of it, but obviously not to misconstrue and distort its meaning.

FILIPINO OPPOSITION CONSIDERED

According to press dispatches from Manila, those Filipinos who oppose the ratification of the act proffering Philippine independence predicate their opposition on four principal grounds. I summarize their theses as follows:

1. The trade relations which the act establishes pending final withdrawal of American sovereignty are unfair to the Philippines.
2. The reservation of American military and naval bases in the islands is a curtailment of Philippine independence.
3. The powers which the act vests in the President of the United States and the High Commissioner during the period of transition are excessive and destructive of Philippine autonomy.
4. The 10-year period between the establishment of the Commonwealth of the Philippines and the consummation of independence is too long.

SECOND OBJECTION MET

I shall discuss the second of these objections before the others. In the first place, the provision of the act dealing with the question of military and naval reservations in the islands gives the United States an option, but does not impose an obligation to retain its present bases there. Those in charge of the bill had reasons of prudence for including the provision in its present form. It postponed to a date after the independence of the Philippines the American decision as to whether or not the retention of these military and naval bases would be necessary and advisable, avoiding meantime a controversy which might have delayed for many more years or wholly prevented the grant of independence. The final decision as to this matter will be made by Congress, not by the President alone. When the time for decision arrives the Filipinos may be certain that the sense of justice which actuated Congress in promoting their independence will prompt it to deal fairly with Filipino interests in this regard. Even, however, if the United States should elect to keep naval stations in the Philippines after independence, that would be no more an abridgment of their independence than American possession of a naval base at Guantanamo is a limitation of Cuban independence.

On the contrary, the continuance of American sovereignty as to one or more parcels of land in the Philippines would connote the interest of the United States in its political integrity and would enhance its security. I do not say that this was any part of the purpose of the provision, I do not hold that it was intended to commit the United States to a guaranty of Philippine independence once consummated, but it certainly would have that effect. In that event, the Filipino people would benefit, not suffer, as a consequence of it.

Moreover, after independence the Filipinos are free to negotiate for the return of these bases to the Philippine domain if meanwhile they believe that their sovereignty is impaired by the presence of American forces in the islands.

POWERS OF PRESIDENT AND HIGH COMMISSIONER

I come now to the third objection—that the powers given to the President and the High Commissioner are excessive, unwarrantable, and destructive of the autonomy intended by the law. The President, of course, is clothed with certain necessary authority, but is presumed to exercise it only in certain eventualities. He could not, for example, prevent independence; he could not substitute any other plan for that provided in the act.

The High Commissioner has no inherent authority. He is the agent of the President with limited supervision over Philippine finances, including its obligations evidenced by bonds. He re-

ports to the President regarding the maintenance of order and the fulfillment of certain duties and functions required of the government of the Commonwealth, but he has no such power of intermeddling in the ordinary administration of the government, as the Filipino objectors fear. It is fair to presume that the President of the United States and the High Commissioner will act in good faith and in conformity with law. It is arbitrary and tyrannous abuse that the uninformed Filipino critics vision, but there is nothing in the act to justify their forebodings. The powers retained by the United States through the President and the High Commissioner are only those absolutely necessary to safeguard American sovereignty and responsibility during the transition period. They represent the minimum of reserved powers which no government at Washington will ever consent to surrender or reduce.

I consider next the complaint that the period preceding independence is too long. Let no one suppose that this period was fixed at 10 years without concern for the interests of the Filipino people. Indeed, I assert with complete knowledge of the facts that it was precisely regard for the well-being of the Filipinos that controlled in this matter. Congress had before it three proposals as respects the interval between the enactment and the final fruition of independence. One bill contemplated independence in 5 years, another in 8 years, and still another in 15 years. The act now in operation is a compromise of those proposals. The House of Representatives passed the Hare bill with its provision for independence in 8 years. The Hawes-Cutting bill, which the Senate committee recommended, looked to independence in 15 years. Ten years is therefore the mean of the extremes represented by the several bills to which Congress gave serious consideration, and this period was adopted as the minimum which the Filipino people, in their own interest, will need for the adjustment of their economic conditions and their trade relations with other countries in preparation for the changes following independence. It is true that there was a proposal for immediate independence, but it found little support in either branch of Congress.

As an alternative it was urged that immediate independence be granted, followed by an adjustment period of 10 years. This plan was to give the Philippines independence at once, but to permit it to have free access to the American market for 10 years. Both legal and economic objections negated this scheme. First of all, it would have violated existing treaties of commerce between the United States and other nations. In the second place, such preferential treatment of an independent Philippines, even if it should not contravene our agreements with other countries, would nevertheless have provoked reprisals against our trade with various nations whose markets were in the United States. Moreover, there could be no stability to this special arrangement unless it were made the subject of a treaty between the United States and the Philippines, and of course the latter could not enter into such an engagement until after its independence.

In order to ascertain the mind of Congress when it rejected the proposal for immediate independence and decided in favor of a longer period of transition than 5 years, it is necessary to review the economic conditions in the islands. Members of Congress knew that reciprocal free trade between the Philippines and the United States had subsisted for 25 years. In the course of that time important Philippine industries had been organized and developed on the basis of free commerce with our country. In consequence these industries, particularly the production of sugar, came to be dependent for their success—almost for their existence—on the protection they had in the American market. On the other hand, American goods found protection and preference in the Philippines. The profitable commerce between the islands and the United States stood on a largely artificial footing.

What would happen if this trade between the United States and the Philippines were suddenly and completely terminated by immediate independence? Independence without a preparatory period would mean the imposition of American tariffs on Philippine products which constitute the chief source of its public and private income. It would greatly reduce its trade with America. It would stop forthwith large expenditures of American money in the islands for military and other activities estimated at \$13,000,000 a year. It would mean a radical change in the terms upon which Philippine public loans could be contracted. It would mean tremendous damage if not ruin to all of those industries based on the present reciprocal free trade. In addition, there would be a precipitate decrease in Philippine revenues, including some \$300,000 collected as internal revenue on Philippine products entering the United States but covered into the insular treasury. The economic shock would be so sudden that it is a matter of conjecture whether the basic economic structure of the Philippines, including the currency system and its government finances, could stand the strain.

With these facts before it, Congress, in justice and fairness to the people of the Philippines, refused to vote immediate independence. Some allowance of time was necessary to give Philippine industries and commerce a fair chance to survive.

FREE-TRADE RELATIONS ESTABLISHED ARE FAIR

Has the Independence Act established Philippine-American trade relations that are unfair to the Filipino people, as a few of their citizens allege? The committees of Congress found only one feasible method of adjusting the Philippines to the economic status which independence will give it. This was, as the act provides, to permit during the transition period the continuance

of the present free trade between the islands and the United States but with a limitation of the free exports of certain products to this country. Among these, and the most important of them, is sugar. It is this curtailment of the free sugar that begets most of the criticism of the economic provisions of the act. The charge had been made that the limitations on Philippine sugar were written into the law at the behest and for the advantage of producers elsewhere, and especially those of Cuba. Their pleas were answered, so the allegation goes, and the Filipino people's rights and welfare were ignored. I say, in full cognizance of all the facts and circumstances, that no such sordid motive prevailed. The limitations were fixed not at the instance, but contrary to the wishes and efforts, of Cuban interests which favored immediate independence, or a much smaller quota of Philippine free sugar. As a matter of historic truth, the only interposition by Cuban interests was to oppose, not to further, the passage of the bill. This allegation of Cuban influence in the fixing of the quotas in the bill was invented and is reiterated to shield the purpose of its authors—that is, the prevention of Philippine independence under any conditions, now or hereafter. I only wish I could believe that some of the opponents of the bill in the Philippines are not actuated by a like intent.

Representatives of American agriculture, including producers of beet sugar, demanded that in default of immediate independence, a graduated tariff be at once imposed on Philippine products entering the United States. When it was suggested that instead of immediate independence and immediate imposition of tariffs there be at limit on the amounts of certain products permitted to come to this country free of duty, these spokesmen for American agriculture urged that the limitation on sugar be set at 600,000 tons. President Hoover, during the recent campaign, gave that figure his approval.

Philippine producers, on their side, contended that their production for 1932-33 would exceed 1,000,000 tons and that within the next 3 years it would increase to 1,200,000 tons. They argued that since they had been encouraged by the Government of the United States to develop their industry, the bill should reflect some of the equities involved. Accordingly Congress put the limitation at 850,000 tons, the amount of their imports last year. This was a quarter of a million tons higher than American producers demanded it should be. The reason for the adoption of this figure—850,000 tons—as the basis for the limitation was that it represents the status quo of volume of exports to the United States during the year immediately preceding the enactment of the bill; that is, the year 1932. The United States will impose and collect the full duty on all Philippine imports in excess of this quota. But sugar and other commodities are to come to the United States free of duty and without limitation until the inauguration of the Commonwealth. Upon the inauguration of the Commonwealth the limitations will apply, and after 5 years there will be a progressive application of the tariff to these and other free Philippine exports to the United States, this to take the form of an export tax in the Philippines and rising to 25 percent of the American duty.

Congress believed that under this plan and during the 10 years of transition it will be possible for the Filipino people to accommodate their industries, their finances, their investments, and their social system to the changes that are to accompany and follow independence. They have not only notice of the loss of their free market in the United States; they have also a process for offsetting their loss. They have the opportunity to reorganize their industries and lower their costs of production to meet their competitors on fair terms.

I think that anything like an accurate comprehension of the economic provisions of the act will convince the inquirer that Congress has been fair and just to Philippine interests and has sought to safeguard them from avoidable injury or difficulties when independence shall have come and the islands shall have lost the protection of American tariff.

WILL CONGRESS REOPEN QUESTION?

It is reported that some Filipinos opposed to this act will attempt to persuade Congress to enact a new independence measure or to change the act just passed so as to meet certain objections against the economic and political provisions of the latter. If those promoting this movement will acquaint themselves with American public opinion and the temper of Congress, it is my judgment they will ascertain and admit that the act submitted to their countrymen for acceptance or rejection is the very best that can be obtained from the current Congress or any other in the next 10 years, if ever. They will find, I am persuaded, that, if for no other reason, Congress preoccupied as it is with the gravest problems that have confronted the American people since the Civil War will not consent to reopen the Philippine question, and certainly not within a few months after it has closed the discussion by enacting a bill to which it gave a large share of its time and attention during a period of more than 3 years.

The disposition of Congress to regard the Philippine problem as closed is to be found recorded in the statements of some of its leaders. I think it useful to quote some of them. I begin with Senator TYDINGS (Democrat), of Maryland, chairman of the Senate Committee on Territories and Insular Affairs:

"In my judgment," he says, "the Philippine Independence bill just passed is as favorable a bill to the Filipinos as can be passed through Congress. I was one of those who tried to keep out of the bill every discrimination against the people of the islands; and having demonstrated my friendship in this fashion for their cause, let me say that it is not only doubtful if another bill as acceptable

to them as this one can be passed; if they reject it, it is doubtful if any bill dealing with Philippine independence will again be considered—certainly not for a very long time, because the rejection of this bill by the Filipinos will be construed by the people of the United States as indicating they do not want independence."

Considering that Senator TYDINGS is chairman of the committee which has jurisdiction with respect to legislation for the Philippines, his statement carries great weight.

Representative RALPH F. LOZIER (Democrat), a prominent member of the Committee on Insular Affairs of the House, is of the same belief as Senator TYDINGS.

"If the people of the Philippines reject the proffered independence," he declares, "such action will keenly disappoint millions of Americans in every walk of life who have generously and unselfishly supported the cause of Philippine independence. The recent Enabling Act fulfills our national covenants, manumits 13,000,000 people from the nominal sovereignty of the United States, creates a Philippine republic, and insures its stabilization and entrance into the family of nations under most favorable conditions."

"The inhabitants of the Philippines are standing face to face with destiny, halting at the forks of the road. One road leads to quick, sure, and complete independence. The other road leads back to the problems, the perplexities, and the vicissitudes through which they have struggled for a generation. Which path will your Filipino people travel? Ten years is as nothing in the life of a nation, in its birth and preparation for the duties and responsibilities of the future. If your people have the wisdom, genius, and vision that I believe they possess, they will not reject the proffered independence."

Senator BORAH (Republican), former chairman of the Foreign Relations Committee of the Senate, a very influential figure in that branch of Congress, answering the intimation that the Filipinos may not be willing to accept the material burdens which independence under the terms of this act may entail, declared:

"Unless we are prepared to say to these people, and they are prepared to say to themselves, that they shall take their chances in the competitive conditions which are to arise, we may as well dismiss the question of independence and say to the Filipino people, 'You shall remain a part of the United States. We will no longer discuss the subject.'"

Senator KEY PITTMAN, of Nevada, Chairman of the Foreign Relations Committee of the Senate, an able statesman, a sincere friend of the Filipino people, a student of this subject who understands our own and the Philippine economic situation, entertains a like view.

CONGRESS KNEW FILIPINO VIEWPOINT

In its study of the bill granting independence to the Philippines, Congress had the benefit of the Filipino viewpoint, whether that took the form of agreement or opposition to the particulars of the measure. This viewpoint was presented by officials of the Philippine government, delegated by unanimous vote of both branches of the Philippine Legislature, irrespective of parties. It is worth while to recall the names and the official positions of these ambassadors of the Philippine nation.

Manuel Quezon, president of the Philippine Senate, was originally designated as a co-chairman of this Philippine Mission, but feeble health prevented his coming to the United States at that time. Senator Sergio Osmena, acting president of the Philippine Senate, took his place. The other co-chairman was Manuel Roxas, speaker of the Philippine House of Representatives. Their associates were Senator Ruperto Montinola, minority floor leader of the senate; Pedro Sabido, majority floor leader of the house; and Emiliano T. Tirona, minority floor leader of the house. The Resident Commissioners from the Philippines, PEDRO GUEVARA and CAMILO OSIAS, were ex-officio members of the mission.

These agents of the Filipino nation were alert and able champions of their people's rights and aspirations. I do not wish it to be understood that they approved every provision of the independent measure. On the contrary, they vigorously dissented from not a few of its provisions—those of economic as well as political import. They reinforced the merits of their case by ability and eloquence of a high order. Had they been Americans pleading the cause of America as they pleaded the cause of their own people, we should all be proud of them.

If the American Congress should create a commission to negotiate with the people and government of a foreign nation and should for that purpose appoint Vice President GARNER; Senator JOSEPH T. ROBINSON, majority leader; and Senator CHARLES L. McNARY, minority leader of the Senate; Speaker HENRY T. RAINEY; Representative JOSEPH W. BYRNS, majority leader; and Representative BERTRAND H. SNELL, minority leader of the House, it would do precisely what the Philippine Legislature did when it constituted the Philippine Mission and sent it to the United States to speak for the Filipinos. As any foreign nation would accept an American congressional commission as representing the Government of the United States, so the Philippine Mission was received in this country as fully representing the Filipino people. Both the executive departments and Congress accorded this Philippine Mission official recognition.

PHILIPPINE MISSION UNDERSTOOD DIFFICULTIES

The mission was unable to have all of their recommendations included in the bill. They saw that compromise was inevitable if independence were to be obtained at all. They faced the realities with patriotism and courage. The act as it stands does not meet all their demands, but in view of the circumstances I am sure

they realize—and they have stated—that it gives the Philippines independence on the most favorable terms and conditions that were obtainable. They know from their close acquaintance with all the factors at work in this country—the prostration of agriculture, the paralysis of industry, the pressure for domestic legislation to the exclusion of every other claim and interest—that they could not get for years to come, if ever, a better bill than the one enacted. They should be equally aware that Congress will not give hearing or heed to any plea for modification of this Independence Act. They should be convinced that Congress supplied the only feasible and honorable solution.

If Congress had attempted to give all that the Philippines demanded or all that certain American groups and interests sought, the result would have been a stalemate. Concession of all that the Philippines wanted would have worked injustice to the United States. On the other hand, to concede all that Americans claimed would have been to destroy the Philippines. Neither Filipinos alone nor Americans alone, attentive only to their separate interests, could have produced a program satisfactory to both countries. Congress, however, accomplished an equitable reconciliation of the conflicting interests and gave the Filipinos their independence with less cost of disturbance and distress than any of the little nations created since the World War have had to pay for the like boon.

This is not to say that the Filipino people will not experience difficulties and hardships both before and after independence. They may have to reduce expenditures until they can compensate for the losses in foreign trade and in internal revenue. There will be cleavages and conflicts among the people, I doubt not. There may even be some small disturbances of the public order. But I believe the Filipino people have come to understand that complete self-government is so precious its procurement and possession are worth a good deal of suffering. I think they have learned that lesson during their life under our flag, and I am willing to trust them.

NEW ASPECTS OF PHILIPPINE INDEPENDENCE

If press dispatches are correct, some opposition against the act of Congress has been created in the Philippines. These reports declare that some members of the legislature have joined in this opposition and committed themselves to oppose the act even before the return of the mission to the islands to give an account of its stewardship and before they had given themselves or the Filipino people a chance to be informed by their official representatives who are familiar with the true significance of the act, the reasons for its provisions, and all the facts and circumstances that influenced its passage.

I cannot give full credence to these reports. Knowing as I do the Filipino people's sincere desire for independence, I am unable to believe that they would reject, summarily and without due deliberation, and except for most potent and vital reasons, this offer of independence. If they should do this, they would be unjust, not only to their American friends who have labored so unselfishly for Philippine freedom and welfare but also to themselves and their posterity.

FOREIGN AGGRESSION UNLIKELY

Is the danger of foreign aggression against an independent Philippine commonwealth as real as some observers declare it to be? That question at once brings Japan to our thoughts. Does not her alleged imperialism menace the Philippines as much as it threatens Manchuria? For my answer I turn to the statement made by Senator BORAH late last autumn. In his opinion, he said, Japan does not covet the Philippines. "Japan is facing in other directions—Manchuria", he declared. Japan's aggression in Manchuria is the cause of many misgivings about the fate of the Philippines; but I do not coincide with them. Indeed, I think Japanese aggression in Manchuria is the strongest possibly warranty of Philippine immunity. Japan will have her hands full in Manchuria for several generations. That great land is a treasury of her necessities—coal, oil, timber, grain. Japanese investments in Manchuria are above a billion dollars. Already she has populous colonies there. These are pragmatic reasons for giving credence to a spokesman of the Japanese Ministry. "We have no desire to acquire the Philippines", he said.

History as well as current events furnishes further basis for the belief that Japan will not undertake conquest of the Philippines. She could have taken them from Spain before we acquired them. Instead, she took Formosa from China, Korea from the Koreans, and Port Arthur from Russia. Besides, the Japanese are not anxious to go to the Philippines. There are only 10,000 of them in the islands now.

The peaceful grant of independence to the people of the Philippines will in itself be a measure of protection. Surely no great power would wish to affront the world by attacking the Philippines after their independence had been bestowed by the United States and recognized by all other nations.

Independence will inevitably alter the economic relationship the Philippines now sustain to the United States. That has been foreseen by Congress. The act makes provision for a trade conference between the representatives of the two countries to adjust the terms of their commercial intercourse. There is little doubt that such a conference could and would decide upon some arrangement reciprocally advantageous.

The act contemplates the protection of the islands against aggression. It authorized the negotiations of a treaty for their neutralization. It appears to me that in the present state of the world such a treaty would be very much more certain of accomplishment than it would have been a few years ago.

The retention of American military and naval reservations would seem to be another means of protecting the Philippines pending the negotiation of a treaty of neutralization, or in its absence if it could not be obtained.

But in the event that a neutralization treaty cannot be concluded and if the United States should finally abandon its naval bases in the Philippines the Filipino people could still look for protection from the several instrumentalities guaranteeing the territorial integrity of nations.

Even this summary reference to the salient provisions of the act reveals how carefully and thoroughly Congress went about the task of safeguarding Philippine interests both during the period of transition and after independence. I do not see how anyone can read the act in the light of all the conditions and circumstances that had to be met in its formulation and yet assert that it lacks consideration for the Filipino people or was drawn with the purpose of serving selfish interests in the United States or elsewhere.

CONCLUSION

It is my confident expectation that the Filipino people will come to realize the true significance of the measure enacted by Congress. I trust they will see in it the fulfillment of a magnanimous policy untainted by selfishness. I hope they will understand that their freedom, accomplished in the manner in which this bill provides it, is unique in the history of human relations and was granted to them only because America is liberty-loving, is true to her principles and traditions, and regardless of her national pledges and commitments. I urge the Philippine people carefully to study the provisions of this charter of their liberty with a view to exercising the right it gives them to accept or reject it. My advice to them is that they weigh in their judgment of it not the small things that it lacks but the great thing that it bestows, namely, their complete independence.

I would have them know, if independence is their supreme desire, as I believe it is, and if political separation from the United States and an opportunity to rule their own destiny is what they want, that this act fulfills that desire under the most favorable terms that the Filipino people can, in my opinion, obtain either now or hereafter.

The bill was conceived in a spirit of friendship for the Filipino people and in sincere sympathy with their welfare. Any legislation granting independence must always encounter the same questions, the same problems, and the same obstacles as those with which we had to cope in enacting this bill.

I know the act will bring difficulties, trials, and hardships to the Philippine people. These are unavoidable. They are part of the cost of independence. Liberty would not be worth while if the road that led to its enjoyment were not marked by struggles and some suffering.

"GABRIEL OVER THE WHITE HOUSE"

Mr. COPELAND. Mr. President, there is a great deal of interest in the novel and in the picture *Gabriel Over the White House*. I have here a very beautiful comment upon it which I ask may be printed in the RECORD.

There being no objection, the comment was ordered to be printed in the RECORD, as follows:

BENEDICTION

By Mabelle Jennings

Gabriel over the White House? Why not
Since we, poor mortals pregnant with distrust,
Our burdens heavy and our spirits low,
Our souls dull, battered shields, no more effectual
To take woe upon woe, find solace amidst dark chaos—
We see the ending of the longest day,
We glimpse the silver lining of a sable cloud,
We see a vital spirit and unflinching.

Archangel sent by God, His will be done,
And if we falter, pressed perchance, too far,
Give him a giant's strength, that he may use it humbly,
To grant the uplifted prayer of hands
That otherwise are helpless.

Give us this day our daily faith, that we
May value courage;
Forgive us our sins—fear, doubting, and shameful yielding;
Show us the way, not back but ever forward;
And teach us to do for others what we would have done for us.

O messenger of God, make plain His meaning,
Disperse dark dooms and omens; let the light
Show us how to think, and thinking, how to do,
And doing, follow one who has not erred
Nor flinched in face of dire adversity,
But met his dread opponent face to face
And, reckoning not the cost to self or private gain,
Did do him noble battle—

Hover, O Gabriel,
The starlight, the thin spring sun by day,
Indifferent seem to minds beclouded and belabored,
Reflect your glory upon him whose chore it is to lead us;
Make plain the way to those verdant pastures
Wherein once we dwelled,
And dwelleth unthinking, knowing naught of hardships—

Gabriel over the White House? Why not
 Since we, poor mortals, pregnant with distrust,
 Our burdens heavy and our spirits low,
 Our souls dull, battered shields, no more effectual
 To take woe upon woe, find solace amidst dark chaos—
 We see the ending of the longest day,
 We glimpse the silver lining of a sable cloud,
 We see a vital spirit and unflinching.

RELIEF OF AGRICULTURE

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

THE SENATE AND THE ECONOMIC CONFERENCE—THE NEW FOREIGN POLICY—THE ROOSEVELT DEMOCRATIC INTERNATIONAL EQUALITY

Mr. LEWIS. Mr. President, I crave the indulgence of the Senate for a few moments while I express sentiments which I feel are at this time pertinent under conditions which all will concede surround us. Mr. President, we have before us a bill which we speak of as the farm bill, which is intended to restore agriculture and make such further contributions to the prosperity of our people as it is assumed would be the product of its administration.

I must digress to say to the Senate, and I trust it will not be regarded as too bold an assumption on my part, that from me I would have the country know the outstanding legislative features of our Government. I attract our Nation to the Senate. The efforts on the part of all the Members on either side of this body have in the last month given evidences to the world of a spectacle calculated to attract the attention of history as unprecedented and as the only instance of its kind today in the legislative bodies of the parliamentary world. This body, in the administration legislation which it has been considering and passing, has disclosed the least of partisan political opposition that has been seen in any legislative body today in the civilized world. This consecration to their country certifies to that patriotism that is in the heart of the citizenry of America, reflected through the representatives as they sit under different designations, politically speaking, but who in their actions disclose an exalted unanimity of service—all to their country first.

It was but a short while since, sir, when certain newspapers and magazines were impelled to present to the citizenry of the United States that ceaseless wall against Congress, that ever-increasing condemnation against what they termed the Members of Congress. That occupation seemed to allure their imagination and then delight them as their occupation. It was to hold up the senatorial body as unworthy of the confidence of their countrymen. While no Member of this organization sought to dignify the accusations by giving them too serious turn of refutation, still at this particular moment, it is but due our countrymen that their attention be drawn to what the Congress really is and particularly to the record of performance of the United States Senate. Let our citizenry reflect how, without rest, oftentimes without comfort, seeking no holiday, the Senate has taken the burdens as they fell upon it, literally fulfilling the description of Milton on Lycidas, "To scorn delights that they may live laborious days."

Mr. President, the farm bill that is now before the Senate for consideration likewise carries with it the hope of newly revived foreign markets and the suggestion of a purpose that shall operate to bring the world in something of unity toward world peace and international disarmament. This brings us for the moment to ask, how, in this hour, stands this Nation as to international peace? Mr. President, it was but a short while since that the Senate endured me to bring forth the evidence that there was not existing one nation friendly to the United States in all the world. Before the last administration passed out of official duty the statement could have been justly made, and immediately after the administration passed forth and in the beginning of the present era we could count as recurring and multiplying the nations with their expressions of animosity toward us. We could well adopt the expression of

the king crying out, "Behold, hang the banners on the outer wall." The cry is, "Still they come!"

But fortunately we turn for the moment. A month of administration has elapsed. We contemplate the situation of the world. We see the nations turning toward the United States of America. The ancient expressions of hatred we no longer hear. The threats issuing from animosities of the days gone by, seemingly born in vengeance against us because of our demand for the payment of the international debt—these seem hushed. All that which to foreign nations indicated that the United States was on the eve of some imposition upon some or all the other countries of the world, seems to have been quelled. Where mutiny survived, a quietude and pacification seems to have blessed the scene. We have become interested at this moment to ask why is this transformation.

We do not speak of this administration in power in a political sense, yet we do call attention to how this administration, 1 month old, has, as the expression of the humanity of the citizens of our country, awakened a new spirit in the world. Evident it is that at first our new policy aroused curiosity, then awakened great interest, and now is fixed in admiration with abiding confidence.

We turn to see the varying aspects of the change. We cannot forget that but a short while since the oriental nation of Japan felt aggrieved that the official Government at Washington had announced through its State Department that whatever had transpired as a result in the way of an adjustment or acquisition of territory in the land of Manchuria, if obtained by force, would not be recognized by the United States. This awakened a resentment and at once the threat of retaliation. The distinguished Senator from California [Mr. JOHNSON] had occasion to allude, on the morning of the public utterances which appeared in the press, that Japan had given us a notice to remove the fleet of the American Navy from Pacific waters. Today it is pleasant to note that these voices of threat, which seemed to be filled with danger, have at least become silent and we pause to consider the neighbor.

China resented that numbers of the officials of our Government had held her land up as one of brigands and murderers and unworthy of the approval or yet the association of civilization. She, too, within the last month turned in the quadrangular form of her Government to make her appeal to the United States as an aid to world friendship.

We turn then to contemplate the real situation as it now exists in the world. If I appear to say a word that looks as if it exudes a confidence from some source, let it be understood I speak only upon my own authority and with no suggestion from any other source. But this country must know some feature of the military and industrial status of the world as it now confronts us.

England in the preservation of what she feels to be her rights, long established in some form in the Orient, has within the last 10 days consummated the revival of her treaty with Japan such as was had by her with Japan at the time of the Japanese-Russian War. England covertly finds this action justified for the preservation of what she assumes are her property interests, as well as the interests of her subjects living in the Orient.

At the same time, sir, within the last 30 days, and concluded by signature in the last 3 days, France has renewed her bond of friendship and commercial reciprocity with new Russia. In this respect there has been revived the old understanding which was between herself and the old Russia of the imperial Czar. This has for its purpose placing behind France, in the event of necessity, not only the commercial contribution of Russia, but the vast army she could contribute to any purpose France found essential to her welfare or to her defense.

Italy makes the gesture in the last week supporting that which a month before was undertaken covertly by Mussolini—that of joining Austria, her once enemy—and seeking to have Germany make the triangle in its completion of the arrangements between them. To this the Little Entente is

supposed to contribute such favor as its financial or its industrial interests or its national defense would call for.

Mr. President, how can we fail to ask the question, To what object are these new spheres of influence being aligned? It is a preparation for conflict of some calculated nature. It means the readiness for a general European war. The late President of the United States, Mr. Wilson, in a message before the joint tribunal of the House and the Senate, fateful in his history, delighted to say that "the old age of the spheres of influence and other secret combinations had come to an end", and he praised the sources of heaven that, under the direction of that which was imperial in its celestial power, we, the United States, could take praise for our contribution to that "consummation devoutly wished." But today we must confront courageously the truth that not only have the spheres of influence not ceased but they have revived themselves in an ardor quite exceeding that which inspired them in the past, and with a purpose more ingeniously hidden and more adroitly disguised than that which was ever known before. Previously, as my eminent colleagues sitting about me will recall, it was ever the boast of the countries to publish their alliances when executed in compacts as early as they could, that their strength might be disclosed, and in the divulgence of the combined power there might be ward off the anticipated assault which they fancied would have come without the knowledge of their aggregated power.

Now, Mr. President, how stand we as to this?

We are on the eve of calling what is designated through the press as an economic conference. I rise to say that it is fortunate for our country that we have waked up to one fact so essential to be now considered, and which previously should have been regarded, but unhappily for us has been ignored too long. It was, sir, that any attempt to bring the nations of the earth together in a solemn assemblage where they all sat at a table in the presence of each other always misled the United States; not that it could have been said to have been the intention, but because, Mr. President and Senators, these representatives of the foreign lands, however frank they might have been to us, if in an individual audience, to aid us in the furtherance of a policy of disarmament or peace, could not, in the presence of the enemies who had been the inherited foes of their fathers, reveal their own status in the military strength of their capacity or in the financial limits of their treasuries. To do this was but to invite those who had long since threatened reprisals, either as excited by results of the World War or as the fulfillment of this threat of inherited hatred, spurred on by the germ of ancient grudge. The result was that however anxious these foreign delegates may have been to reveal to us and our delegates the truth they could not do so because of the surroundings which impeded, and that which obstructed to an extreme degree such possibility.

Mr. President, I therefore wish now to invite the attention of the country to the fact that the United States has at last, under splendid guidance, without political tinge or color, and certainly without partisan purpose, conceived the real truth, which was and is that it is only when the United States can summon these separate nations individually around the table in conference with her in the fulfillment of the sacred injunction—

Come now, and let us reason together—

that we are able to feel the atmosphere of the first aspect of this generation toward a universal peace reflected toward us. We are now proceeding, sir, to summon the nations separately, calling them individually, that each may present its wishes, so far as it feels we could supply them, and each designate its grievances to whatever extent it may imagine their extent or describe their relations and existence.

Therefore, Mr. President, today we call attention to the fact that America now, not by a mere expression but by conduct, has at last been placed in a position where she can say to the earth, "There shall not be wars if there be any manner in which—through friendship or the cooperation of intelligence from a patriotic body of a great nation, the United States—such can be prevented."

We have now ceased to feel that to the League of Nations, on the one hand, as an assemblage, or to the World Court, on the other, or to the intermediate body of self-constituted conventions of nations, there are to be submitted the grievances of the nations of the world, or the revelation of their conditions as they stand in a military array or financial procession before the earth. This conference, called by the administration, supported by the citizenry of all parties, looks to the object of first ameliorating any grievance each nation may have against us. This is to be done by professing and proceeding with any form of concession that justice would call for. Here it is we initiate any form of arbitration which common humanity can approve. We have at last invited the whole world, sir, to behold that there is a method by which mankind may be preserved from the devastating effects of military conflict and the irreparable destruction of war.

Mr. President, we stand here today to keep in mind that America need only carry out her mission; and, carrying it out in this individual capacity and method which we have now devised and put forth, we can paraphrase with Philip Faulconbridge in *King John*:

Now these, her princes, are come home again,
Come the three corners of the world in arms,
And we shall shock them. Nought shall make us rue,
If America to itself do rest but true.

Mr. President, with the passage of the bill now before this body, so splendidly amplified by the able address of the leader of the majority, the Senator from Arkansas [Mr. Robinson], who is to be followed by the eminent gentlemen upon my left whom we speak of as Republicans, and those who are schooled in the matter of agriculture, such as the Senator from Oregon [Mr. McNary], we will have before us the fulfillment of the objects of the administration preliminary to the meeting of this economic conference, called nation by nation. Here in this convention each nation, through its representatives, is now to present to America its desires.

Here, Mr. President, as I come to the conclusion of my observations, feeling a sense of gratitude to my eminent colleagues who sit so attentively and bear audience with me, I now ask the world, so far as my petty voice may reach such a sphere, to note that when the proposition is made by Mussolini in behalf of Italy to three nations to join as something of a guardian of the peace of Europe, England, cooperating through its Premier, joins in the suggestion that "if you will have the United States understand the proposition and cooperate with us, we can make a success of this undertaking." Promptly, therefore, sir, the appeal is made to us that we enter into the understanding looking to the commercial preservation of those whose nations find themselves somewhat down-cast in their material development; and by those others, sir, who but a short while ago drew the sword from the scabbard and held it shining, ready for the splitting of their opponents, but who have now sheathed it in its scabbard for the moment and moved toward the United States of America to seek the cooperation toward conciliation of this our Government to whatever extent it may go and to the fullness to which it can yield. All strive to make sure the undertaking suggested by the eminent heads of the European governments. Thus we are able to present to the world the new confidence of the new mankind of earth in this new administration of America in power in the United States, all to be beheld in admiration by all our fellow countrymen of all political faiths.

Mr. President, it is a source of gratification that the bill that is now before us, as the bills which preceded it and those that shall come after, are all being viewed by men of all political complexions—particularly honorable gentlemen who honor themselves through their service in this body—as that which is to go to the welfare of country rather than to the mere service and emoluments political of any party.

Therefore, Mr. President, I felt that the moment prompted me to express the situation as we see it, and now to inform the country that we are on the eve of that peaceful adjustment long prayed for—surely to endure—for the while. Sirs,

until such have been disrupted by some method we do not now anticipate, and which we pray God may be avoided, we can feel that at present we are on the eve of enjoying these civil measures to the full extent of the material benefits they may confer and also the peace which they may transfer to the civilization of the earth, through this our own United States.

And now, Mr. President, I call attention, sir, to the final apex that must not be ignored.

The United States of America at this hour is under very serious suspicion from world nations of late hostility toward us as to whether this call of conference by the present friendship of nations or whether it is an underground—subterranean method of eluding commercial opposition and placing ourselves in a position of superiority to serve the markets of Europe. We are under suspicion, and now under charges in the last few days of the heads of certain large financial institutions, of having for our purpose something touching the finances of the countries of the world destructive to what is called exchange. The charge is we are preparing to readjust, if not to surrender, our gold standard as a trade for markets; and this, it is claimed, melts equally the chances and the prospects of a "sure stability", as it is termed, of the values of money.

On these subjects I have nothing to add. I cannot contribute anything comparable to what has been suggested by eminent gentlemen specializing upon the lines of the matter of gold and silver, nor can I counsel upon the question of the general exchanges of what we may speak of as our notes of money. But, Mr. President, I cannot fail, sir, to cite here, in the presence of the eminent gentlemen who in their patriotism constitute this tribunal, already the deliberate attempt to break the forthcoming economic conference into fragments and into hatreds by first striving to create antagonisms against the very order and call of the distinguished President of the United States, cooperated in as it is by all the people of America who look for prosperity, dream of advance in progress, and wish the work all to be for the welfare of mankind.

Mr. President, I say—and I conclude with the observation, meaning no malediction—that I cannot overlook the opportunity at this moment to remark that these eminent bankers who lately, in an assemblage, have heralded this threat and made this charge, are the gentlemen who, in every undertaking by either administration—that which was preceding this or our own—bided their time to find some way to hold the Congress of the United States up to the contumely of the public. It is they who would ever indict it as being unworthy of trust, and impeach it as an organization of ignorance, when it came to the matter of finance. These eminent gentlemen in whom, they feel, has been reposed all intelligence and patriotism, are those who brought this country to the lowest degree of finance and credit to which it has ever descended in all its history. It is they who visited upon the poor and the helpless in millions and millions the fate whose consequences they are unable to resist or survive—it is they, indifferent to their crimes against humanity, utterly indifferent to the offense they have committed against patriotism—it is these who already begin to duplicate their previous course. Here it is, sir, that we, in common voice, give them notice, they shall not succeed! Their past efforts are before the world, and, as to America, too well understood. They will be without influence. The activities of the honorable committees which are investigating certain conduct on the part of these eminent financiers which in many respects, sir, should bring upon them the opprobrium and odium of all their fellow mankind, should be a warning to them that they cannot now succeed in demolishing the only attempt that seemingly has success before it in the years that we have lived since the World War. From all honest men come to them the malediction, "Out dam'd spot—out."

Mr. President, I congratulate the administration upon the measures brought here, and I felicitate this honorable body upon the splendid spirit disclosed in meeting them. All this must afford comfort to the world in its present aspects, as we now know them. We are moving largely

to the melting of every grievance by the methods which can prevail. We turn for the moment to call attention to how the United States moves out to her new mission. I invite gentlemen to contemplate this, our country, seeking no conquest, advancing in no aggression, making no demands of penalty, accepting no reward but the realization of performances which shall ameliorate the conditions and lighten the severe burdens which are now resting upon mankind.

Behold this, your land, under the new dispensation, moves out to the temple of the international relations. May we not conceive her as she advances before us. Around her brow are bound the Ten Commandments of God. In her right hand the Sermon on the Mount; in her left hand the Constitution of the United States. Armored in this trinity she ascends to the new chancellory as high priest of the service. If there shall be those who shall cry out the challenge, "Who comes?" let us feel that all the glad earth will respond as they answer, "Thank God, this is America." [Applause from the floor.]

I thank the Senate. (Applause on the floor of the Senate.)

TENNESSEE VALLEY DEVELOPMENT—MUSCLE SHOALS (H. DOC. NO. 15)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, referred to the Committee on Agriculture and Forestry, and ordered to be printed, as follows:

To the Congress:

The continued idleness of a great national investment in the Tennessee Valley leads me to ask the Congress for legislation necessary to enlist this project in the service of the people.

It is clear that the Muscle Shoals development is but a small part of the potential public usefulness of the entire Tennessee River. Such use, if envisioned in its entirety, transcends mere power development: it enters the wide fields of flood control, soil erosion, afforestation, elimination from agricultural use of marginal lands, and distribution and diversification of industry. In short, this power development of war days leads logically to national planning for a complete river watershed involving many States and the future lives and welfare of millions. It touches and gives life to all forms of human concerns.

I, therefore, suggest to the Congress legislation to create a Tennessee Valley Authority—a corporation clothed with the power of Government but possessed of the flexibility and initiative of a private enterprise. It should be charged with the broadest duty of planning for the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin and its adjoining territory for the general social and economic welfare of the Nation. This authority should also be clothed with the necessary power to carry these plans into effect. Its duty should be the rehabilitation of the Muscle Shoals development and the coordination of it with the wider plan.

Many hard lessons have taught us the human waste that results from lack of planning. Here and there a few wise cities and counties have looked ahead and planned. But our Nation has "just grown." It is time to extend planning to a wider field, in this instance comprehending in one great project many States directly concerned with the basin of one of our greatest rivers.

This in a true sense is a return to the spirit and vision of the pioneer. If we are successful here we can march on, step by step, in a like development of other great natural territorial units within our borders.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, April 10, 1933.

ORDER OF BUSINESS

Mr. FLETCHER. Mr. President, the opposition that was raised the other day to taking up Senate bill 1094, a bill for the relief of insurance companies, has been withdrawn, and I think we could dispose of that bill in a very few minutes. I appeal to the Senator from South Carolina to allow us

to lay aside the unfinished business temporarily, and to take up Senate bill 1094, an important measure, which, if it is not passed soon, need not be passed at all.

Mr. KING. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. KING. May I say to the Senator that I shall object to its consideration unless there shall be full explanation, far greater explanation than we have had, and until certain facts have been developed through such explanation as will justify, in my opinion, a consideration of the bill and its passage.

Mr. SMITH. Mr. President, every Senator here knows that the most urgent and important matter before this body is the farm relief bill. Every hour of delay counts against the proper operation of the measure, and I do not feel that I would be properly discharging my duty if I did not object to the consideration of every matter that might delay the passage of the bill.

The VICE PRESIDENT. Objection is heard.

6-HOUR DAY AND 30-HOUR WEEK—MOTION TO RECONSIDER

Mr. BLACK. Mr. President, on Friday afternoon, just before the Senate closed, a motion was made to reconsider the vote by which the Senate passed the 30-hour week bill. The Senate had debated that measure for 4 days, so I assume it will not require any extended debate.

It is also my information, from the press, that the House committee has set tomorrow for hearings on the bill. I should like to ask that the motion to reconsider be voted upon. Of course, I do not desire to ask that it be voted upon without the Senator who made the motion having a chance to debate it; but, as much as I favor rapid action on the agricultural bill, I do think that the 30-hour week bill is very important, along with the agricultural measure. I cannot anticipate that it will require any lengthy argument to dispose of the motion to reconsider, when the bill was so fully debated when it passed. I should like to have the motion disposed of.

Mr. TRAMMELL. Mr. President, I made the motion to reconsider, and I cannot give any assurance as to how much time might be occupied in consideration of the motion. I do not imagine a great length of time will be taken, but that will be more easily determined after we get into a consideration of the motion, and hear what others have to say, and also to what extent they will have to answer questions which are propounded. I cannot give any assurance of a really brief debate over the question.

Mr. BLACK. Mr. President, I ask unanimous consent that the motion to reconsider be taken up and voted on at 2 o'clock.

Mr. TRAMMELL. Mr. President, I object.

Mr. BLACK. Mr. President, I ask that the motion to reconsider be taken up and voted on at 3 o'clock.

Mr. TRAMMELL. Mr. President, I object.

Mr. BLACK. Mr. President, I desire to state that this matter was debated 4 days. There is evidently no intention to try to give it that speedy consideration which a motion to reconsider justifies. I should like to ask the Senator from Florida whether he is willing to enter into a unanimous-consent agreement to vote at any time this afternoon?

Mr. TRAMMELL. Mr. President, I do not care to agree to that, when I know that the time will be occupied upon other subjects. Of course, some little time was occupied in the debate on the bill, but I am duly within my rights in making the motion, and I do not see any reason why there is any great haste about this bill getting out of the Senate. I will not attempt any undue delay, I do not want any undue delay, but I do desire to have an opportunity to discuss some features of the bill, and I suppose there are other Senators who wish to discuss some features of the bill. There is nothing out of the ordinary in making a motion to reconsider, there is nothing out of the ordinary in taking a reasonable amount of time in the debate on the motion to

reconsider, and I am not going to enter into a unanimous-consent agreement for a vote this afternoon.

Mr. BLACK. Mr. President, I desire to state that as soon after 3 o'clock as I can get the floor for that purpose, I shall make a motion to lay on the table the motion to reconsider.

Mr. McNARY. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McNARY. When there is unfinished business pending before the Senate is a motion in order, under the rule, to proceed to the consideration of another matter or motion?

The VICE PRESIDENT. A motion for the consideration of the motion to reconsider would be in order. The Chair understands that the motion to lay that motion on the table would not now be in order, but the motion to reconsider would have to be before the Senate, and then a motion to lay it on the table would be in order.

Mr. McNARY. The parliamentary inquiry takes this turn, Is it permissible for the Senator from Alabama, in view of the pending unfinished business, to move to take up the motion to reconsider at this time, or would he not require unanimous consent?

The VICE PRESIDENT. If the motion to take up the motion to reconsider were agreed to, it would then be the unfinished business.

Mr. ROBINSON of Arkansas. The motion to reconsider would displace the pending bill.

The VICE PRESIDENT. It would displace the pending bill. If the motion of the Senator from Alabama to take up the motion to reconsider were defeated, it would be tantamount to the Senate refusing to reconsider, and the bill would go to the House.

Mr. BLACK. Mr. President, in order that it may not be said that I made the motion without explaining the reason, I desire to take a very brief time in explaining my position.

Mr. ROBINSON of Arkansas. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Arkansas?

Mr. BLACK. I yield.

Mr. ROBINSON of Arkansas. I do not wish to contribute to any controversy about the motion at this time, but I do not think it is correct to say that if the Senate refused to proceed to the consideration of the motion to reconsider the vote that would operate as a defeat of the motion to reconsider. The motion to reconsider must be made within a limited time, under the rules of the Senate, and if it is not made within that time it lapses. However, the Senate might very well refuse to displace the pending bill and at the same time not be opposed to reconsideration. The unwillingness to displace the pending bill might be the reason for refusing to take up the motion to reconsider. Some of us would not wish to displace the pending legislation on motion in order to take up the motion to reconsider. The motion to table, of course, cannot be made unless the motion to reconsider is taken up.

Mr. TRAMMELL. Mr. President, will the Senator from Arkansas yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. TRAMMELL. If the Senator from Alabama pursues the course which he states he intends to follow, the question would not be, Will the Senate reconsider the vote? but it would be a question of displacing the pending matter for the purpose of taking up the other for consideration. That is what the question would be.

Mr. ROBINSON of Arkansas. That is the way it was stated.

The VICE PRESIDENT. Let the Chair state the rule as he understands it from the parliamentary clerk. The rule laid down by the Senator from Arkansas is correct, and the statement made by the Chair was not in accordance with the rules of the Senate. In another body over which the Chair presided that was the rule.

The motion of the Senator from Alabama is not a privileged motion at this time, because the bill of the Senator from South Carolina is under consideration, and is the order of business in the Senate.

Mr. BLACK. Mr. President—

The VICE PRESIDENT. The Senator from Alabama.

Mr. BLACK. I do not understand, however, that I would not have a right to make a motion to displace the pending business if I decided to do so, and thereafter, as soon as I could get the floor, I could make a motion to lay the motion to reconsider on the table. I understand the ruling of the Chair to be that a motion to take up the motion to reconsider would be in order.

The VICE PRESIDENT. It is in order as the parliamentary advises the Chair. He also says it is not a privileged motion. Just how it can be in order and not be a privileged motion it is difficult for the Chair to see, and a point of order would lie against it.

Mr. McNARY. Mr. President, I think the situation is about as follows: Not being a privileged question, it could not come up and still permit the unfinished business to retain its present status, and if it is of privileged character, and should come up, it would, in fact, displace the unfinished business.

The VICE PRESIDENT. That is exactly what the Chair was advised. If it is a privileged matter, and comes up in that form, it certainly will displace the business before the Senate. The philosophy of the ruling does not appeal to the Chair at all. The Chair does not understand how it cannot be privileged and then be privileged; but if it is privileged and comes before the Senate it displaces the pending business.

May the Chair remark that the parliamentary situation seems to him to be this: This is a privileged motion, we will say; the Senate votes it down; it is still pending; there may be another vote 10 days from now, and the Senate may vote it down again, but it still remains before the Senate, as the rules are, so far as the Chair can see.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CLARK. Is not this the situation in this matter: The Senate by order has made the agricultural relief bill the unfinished business?

The VICE PRESIDENT. Undoubtedly.

Mr. CLARK. A motion to reconsider the 30-hour law is not a privileged motion. If it were a privileged motion, it would not require a motion to take it up and displace the unfinished business, but it could be taken up automatically as having privilege. Since, however, it is not privileged it requires a motion to displace the unfinished business and to consider the motion to reconsider, but such a motion would be in order if voted for by a majority of the Senate.

The VICE PRESIDENT. The question is whether or not it is a privileged motion and whether the Chair may recognize the Senator from Alabama to make the motion. If the motion is carried, it displaces the pending business. That is the parliamentary status, as the Chair understands.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BLACK. I yield.

Mr. BORAH. As I understand, there is no way by which the Senator from Alabama can get his motion up except by displacing the unfinished business or by unanimous consent?

Mr. BLACK. That is so, according to the ruling of the Chair.

The VICE PRESIDENT. The parliamentary clerk advises the Chair that it could be taken care of in what is known as "the morning hour." Of course, so long as the Senate takes recesses each afternoon, there is no morning hour.

Mr. BLACK. May I ask the Chair if it should be taken up during the morning hour, and the opposition should debate it until the morning hour had closed, would it continue to be the unfinished business or would it be displaced by the pending bill?

The VICE PRESIDENT. The Chair would construe the rule to mean that the unfinished business would be laid

before the Senate at the hour of 2 o'clock, at the end of the morning hour. That is the understanding of the Chair.

Mr. ROBINSON of Arkansas. Mr. President, the motion to reconsider has been entered within the 2 days prescribed by the rule.

The VICE PRESIDENT. That is correct.

Mr. ROBINSON of Arkansas. Then, when the business of the Senate permits, the Senator from Alabama may himself make the motion to reconsider.

The VICE PRESIDENT. That is the Chair's understanding of the rule.

Mr. BLACK. I understood the motion had already been made.

Mr. ROBINSON of Arkansas. The motion has been entered, but the Senator from Alabama may call up the motion at any time when the business of the Senate permits. I think he is entitled to have the motion disposed of with reasonable promptness, and I will move an adjournment of the Senate today in order that he may have the opportunity of calling up the motion tomorrow.

Mr. TRAMMELL. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Florida?

Mr. BLACK. I yield.

Mr. TRAMMELL. Mr. President, I have no disposition to try unduly to delay the consideration of the motion to reconsider, but I think it is entitled to a fair hearing and a reasonable length of time for discussion. I do not wish to have it understood that I have any disposition not to have the motion considered; I wish to have it considered. I wish to have it disposed of upon its merits; that is all I am asking for; but not under the gag rule of the motion to lay on the table, as the Senator proposes to do. He suggests the adoption of a gag rule by making a motion to lay on the table, though I will guarantee he occupied half of all the time that was consumed when this bill was before the Senate for consideration prior to the vote on its passage. All I want is a reasonable length of time for the consideration of the motion.

Mr. BLACK. Mr. President, I regret the excitement that the suggestion seems to have provoked. As a matter of fact, what I desire is prompt action on the motion. Before I made the statement that I would make a motion to lay on the table I attempted to obtain from the Senator from Florida, who was the only objector, an agreement as to some definite period within which a vote could be taken. Since the Senator would not make such an agreement, the natural conclusion was that he did not want the motion to be voted on within any reasonable time. It was for that reason that I made the statement I did, that I would make a motion to lay on the table after a certain period of time. In view of the statement of the Senator from Arkansas [Mr. ROBINSON] that the Senate will adjourn this afternoon in order that the motion to reconsider may be taken up tomorrow—I understood the Senator from Arkansas to so state.

Mr. ROBINSON of Arkansas. I said that I would move an adjournment of the Senate this afternoon. The Senate, of course, will have the option of adjourning or refusing to adjourn.

Mr. BLACK. I understand that. On the statement of the Senator from Arkansas that he will move to adjourn in order that we may take up the motion to reconsider tomorrow, I shall, of course, not make the motion which I said a few moments ago I would make. There was no desire on my part then nor is there now to prevent any discussion. There were 4 days during which the bill could be discussed; the floor was open to all Senators who desired it, and after it had been discussed for some time, a voluntary limitation of debate was made. I have no desire to prevent the Senator from Florida discussing the bill; he has a perfect right to discuss it; he has a perfect right to make his motion, just as he says; but, insofar as I am concerned, with the statement of the Senator from Arkansas that he

will move to adjourn in order that we may take up the motion during the morning hour tomorrow, I shall not make any other motion.

RELIEF OF AGRICULTURE

Mr. SMITH. I call for the regular order.

The VICE PRESIDENT. The regular order is demanded.

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New York to the amendment reported by the committee.

Mr. COPELAND. Mr. President, I ask to modify the amendment which I have proposed and send the amendment as modified to the desk.

The VICE PRESIDENT. The amendment proposed by the Senator from New York, as modified, will be stated.

The LEGISLATIVE CLERK. On page 2, line 18, after the word "tobacco", it is proposed to insert the words "milk and its products"; and on the same page, in line 20, after the word "tobacco", also to insert the words "milk and its products."

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

Mr. COPELAND. Mr. President, the purpose of the amendment as modified is to have the base period in the case of milk coincide with the base period for tobacco. I had originally asked that the base period for milk and its products be from 1919 to 1923, inclusive, but on further study of the matter it seems to me that to accept the language of the proposed amendment as it relates to tobacco would be better.

I want once more to call attention to this fact: If the base period provided for originally in the bill, namely, from August 1909 to July 1914, were to be used as regards milk, a great injustice would be done to the dairy farmers of the country. It was at that period when the fight was on between the distributors of the cities seeking to exploit the farmers. The price of milk was driven down to a very low point. For instance, in 1911 it was down to \$1.71 per hundred. At about the end of the base period as provided here there were cooperatives formed in my State, the Dairyman's League Cooperative Association, and throughout the country there were formed other cooperative associations. In consequence the farmer was getting during the period from 1919 to 1928 a fair price for his milk. Of course, at this time, the price is very low, about \$1.33 a hundred, but the period from 1919 to 1928 would seem to be a normal period when there was a normal price for milk, and that period should be adopted as the base if we are to provide for a "fair exchange value" of the commodity, according to the language of the bill on page 12, where it reads:

The fair exchange value of a commodity shall be the price therefor that will give the commodity the same purchasing power, with respect to articles farmers buy, as such commodity had during the base period specified in section 2.

Mr. President, if we were to use the general base period of the bill and apply it to milk there would not be a fair exchange price which would give the dairy farmer any chance whatever.

Therefore, Mr. President, I am asking—and I have been supported in offering this amendment by telephone conversations with milk producers in my State—the Senate to give milk and its products exactly the same consideration that it is proposed to give tobacco under the terms of the committee amendment.

Mr. SMITH. Mr. President, of course, I am not conversant enough with milk and its products in a marketing sense to speak authoritatively on the question. We had witnesses before the committee, perhaps as many representing milk as those representing any other product, and there was not at any time one objection raised as to the base period proposed. There may be some years that would more nearly represent a proper price for milk and its products than during the period from 1909 to 1914; but I am sure the members of the committee will bear me out in the statement that there

was not any objection whatever raised to the base period provided in the bill as reported. The question is left entirely with the Senate. I have no information whatever as to what was the price of milk and its products during the period that has been selected as the base period, nor have I any figures as to what was the price during the period which the Senator from New York desires to specify. I want to state that we did have very particular and elaborate statements with reference to the base period for all other commodities and with reference to the modification of the base period for tobacco, but we had none whatever with reference to milk.

Mr. COPELAND. Mr. President—

Mr. SMITH. I yield to the Senator from New York.

Mr. COPELAND. Let me suggest to the Senator that I am confident an examination of the figures will prove the soundness of my contention. I realize it is not fair to the chairman or to the committee to attempt to deal with a matter so intricate in this offhand manner; but let me suggest to the Senator that he permit the amendment which I have offered to go to conference. In the meantime the Agricultural Department will develop the full facts, in order to determine whether or not the position I take is the correct one. If it is determined otherwise, I shall not resist any change which may be made in the bill. But no one can examine the figures without appreciating the full truth of what I am saying regarding the injustice to the dairy farmer if the proposed base period is accepted for milk and its products.

May I say, too, that my interest in this matter is more than an academic interest. For a good many years, through my office as commissioner of health of the city of New York, I had supervision over the quality of the milk supply throughout the eastern section of the country. We received in New York City milk from seven States and the Dominion of Canada. Naturally, I became very conversant with the efforts of the dairy farmers to improve their status. Indeed, I had much to do with the early efforts of the cooperatives in our section to improve conditions. Because of that experience I was forced to learn a good deal about the industry.

I invite attention more specifically to the prices which were received by the milk farmer. From 1909 to 1914 the average price was \$1.79 per hundred pounds. Then came the period of the development of the cooperatives, and in the period from 1919 to 1923 the average price was \$2.93. The average price for the period which I now suggest, which coincides with the tobacco period, the 10 years from 1919 to 1928, was \$2.73, which the Senator from South Carolina will see is less than \$1 per hundred pounds more than was received during the proposed base period.

More than that, if we are to have the fair value for the purchase of other things used by the farmer applied to the milk farmer, as well as to the other farmers, he will not get such fair value if it is founded upon the general base period proposed. On the other hand, if the period which the tobacco farmers have determined upon is used also by the dairy farmers, I think it is a perfectly fair proposition that the dairy farmers then will have a fair share of return upon their products.

Let me appeal to the Senator from South Carolina that he do not resist the change. There will be time for the Department of Agriculture to present to us the conditions underlying the problem and then, as I said, if it is found in conference that it is desirable to make the change back to the original base proposed, I shall not resist it.

Mr. SMITH. Let me ask the Senator what the tariff is now on milk imported from Canada?

Mr. COPELAND. I have forgotten for the moment.

Mr. SMITH. The reason I call attention to that is that under the terms of the bill, whatever tax is laid upon milk and its products, in raising it to the parity existing, even as indicated by the Senator, there automatically is applied a tariff on importations equal to whatever that tax may be.

Mr. COPELAND. I realize that.

Mr. SMITH. Therefore the Senator recognizes at once that that would bring about an embargo, of course.

Mr. COPELAND. The Senator will recall that at the instance of former Senator Lenroot, of Wisconsin, I believe it was, the recommendation of the Tariff Commission was accepted, establishing a tariff on milk from Canada. Whatever benefit the milk producers of the United States can have from the tariff, they have already had.

As the Senator may know from reading his newspaper, there is now a milk war on in my State. The dairy farmers, because of the low prices received from the distributors of milk, have gone out and destroyed the milk. Early Sunday morning, yesterday, in a session continuing over from Saturday night, a bill was passed by the New York Legislature seeking to establish in my State a price-fixing committee for milk. The problem is a very pressing one, and there can be no doubt about the necessity for helping the dairy farmer.

It is that fact which has given me sympathy with the pending bill, many features of which I have not approved. But if there is in it really any hope of relief for the distressed farmers, I shall be happy to vote for it. But I am sure there will be no relief to the dairy farmer if the base period proposed is applied to milk and its products.

Mr. LONG. Mr. President—

The PRESIDING OFFICER (Mr. COOLIDGE in the chair). Does the Senator from South Carolina yield to the Senator from Louisiana?

Mr. SMITH. I yield.

Mr. LONG. What is it the Senator said about the tariff? Is it expected that we are going to have a tariff to take up the difference in the cost of production?

Mr. SMITH. The bill provides that whatever tax is levied to equalize the difference, automatically that amount is added to whatever tariff exists.

Mr. LONG. That puts a tariff on it?

Mr. SMITH. Yes.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Utah?

Mr. SMITH. I yield.

Mr. KING. May I say to the Senator from Louisiana that if the bill shall ever become a law, we will have relegated to the Secretary of Agriculture the high duty to impose embargo tariffs upon all the commodities and the subsidiaries, if I may use the expression, of the commodities that are included within the bill. The Congress is to abdicate its right to impose tariffs and give to the Secretary of Agriculture that legislative privilege.

Mr. LONG. It gives the right to increase the tariff?

Mr. SMITH. Yes; automatically. In order to be perfectly fair and that Senators may understand the parity price, as it is raised, the tax will diminish just to that extent. In other words, if we want to raise the price of wheat to 90 cents a bushel and wheat is now 40 cents, there would ultimately be a rise by imposition of the tax up to the time it reached 90 cents. Then, when wheat reached 90 cents the tax would be taken off and the tariff would be taken off.

Mr. LONG. We would not take the tariff off. If we did, the price of wheat would go right back down.

Mr. SMITH. That is the provision of the bill.

Mr. BANKHEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Alabama?

Mr. SMITH. I yield.

Mr. BANKHEAD. The tariff would not go off in its entirety. The rate of tariff is merely adjusted up or down to vary according to the prices, so there will always be a sufficient tariff rate to prevent importations.

Mr. SMITH. As I understand the bill, a tariff is imposed equal to the tax. Therefore, as the tax diminishes, the tariff will diminish. But it is not clear how it will be done. Suppose wheat is 40 cents a bushel and we desire to raise it to 90 cents; there would be 50 cents a bushel bonus or equalization fee. There would automatically be applied to the wheat an additional 50-cent tariff, making the price 90 cents a bushel. Just how that tariff is to be reduced or lowered is not clearly set forth in the bill. I presume that

when wheat has finally reached that point there would be imposed a tariff in accordance with the ordinary tariff rules, but I see nothing in the bill that makes that mandatory. It may be, as the Senator from Louisiana suggested, that the tariff would remain permanently until such time as world wheat reaches the level of domestic wheat.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. SMITH. Certainly.

Mr. WHEELER. In order to make the bill effective at all it is necessary to place practically an embargo upon all commodities. If we do not place an embargo on them, it will be impossible to make the bill effective because of the depreciated currencies of other countries.

Mr. KING. Mr. President, I want to ask the Senator from New York [Mr. COPELAND] a question. He has referred to the milk war which is in progress in his State between milk producers and consumers, the public and the distributors. The Senator will know as a member of the Committee on the District of Columbia that we have had complaints from numbers of persons in the District to the effect that there is a monopoly or some great organization that purchases milk from the farmers and monopolizes the market and charges prices for the products sold to the people in the District greatly in excess of what should be received. I was wondering if the situation in New York which has created this disturbance has not grown out of the fact that there is an attempted monopolization by some large dairy organization of all the milk that is produced by the farmers, and that the farmers suffering from monopolistic control are given but a very small price for the milk, but the consumer has to pay an extortionate price?

Mr. COPELAND. Mr. President, in answering the question of the Senator from Utah let me say that there was a time when the heavy hand of monopoly affected the farmer, as the Senator has suggested. It was during the period which coincides with the base period fixed in the bill, from 1909 to 1914. Just now the trouble lies in the fact that poverty has reduced the consumption of milk. The normal consumption of milk in New York City is close to 4,000,000 quarts per day, but now it is only 2,500,000 quarts per day, and yet the flow of milk on the farm is the same. There has been such a surplus of milk that it has driven down the price.

Mr. KING. May I ask the Senator whether the price to the consumer has been reduced?

Mr. COPELAND. Yes; it has been reduced.

Mr. KING. Materially?

Mr. COPELAND. Very decidedly; yes.

I want to answer the question about the tariff on milk. The tariff is 6½ cents per gallon, but the amount of milk which has come in from Canada at any time, even when we had free milk from Canada, has been negligible so far as New York is concerned. If we are now seeking to help the dairy farmer, and I am sure that is the desire of Congress, we must not make him conform to the base period which coincides with the most unfortunate period in his existence, the period when monopoly put its heavy hand on the industry. The way the dairy farmers were treated in my territory was outrageous. The distributors at that time arbitrarily said the price for milk would be 2 cents per quart, or \$1.60 per hundred pounds, whatever it might be. But there came along the cooperatives, made up of the farmers themselves—75,000 or 80,000 members at one time in the chief cooperative in my section—and they forced better conditions. They went into the city itself and engaged in distributing milk there, so the monopolistic hold disappeared.

I appeal to the Senate and to the Senator in charge of the bill to permit this change in order that there may be an authoritative statement from those who are versed in the matter. I want to say for myself, with somewhat broad knowledge of the subject, that I am satisfied that the base period proposed here will be very damaging to the dairymen or milk producers of the United States. I think we must take a different period. The tobacco men have chosen a particular period, and since that happens to coincide with

what, from my standpoint, is a desirable period for milk, I ask that that period be adopted for milk.

Mr. McNARY. Mr. President, I should like to have the attention of the able Senator from New York for a moment.

The base period suggested by the Senator covers a period of 13 years as against 5 in the bill?

Mr. COPELAND. The base period which I suggest is the same as the committee accepted for tobacco, 1919 to 1928—10 years. The Senator will find that on page 2, line 21.

Mr. McNARY. Yes; but I understood that the Senator desired the base period extend from 1909 to 1923.

Mr. COPELAND. On Friday I asked that the period be 1919 to 1923; but when I came to consider the matter, I realized that I might possibly be doing the farmer damage if we took those particular years. If we take the extended period from 1919 to 1928, as proposed for tobacco, it strikes me that that represents a cross section of the time when the farmer was having some fair degree of prosperity, and yet not a time when he was getting an excessive price for his milk. But certainly if we take the other period, the base period as proposed here, we take the dairy farmer in the period of his very greatest depression, and it is not fair to him. That is my judgment.

Mr. McNARY. Mr. President, I was somewhat confused by the remarks of the Senator on Friday in the selection of a base period. I do not conceive it to be the purpose of the Congress or of anyone interested in this measure to attempt to fix a base period during the time of the highest price level. It should be based upon a satisfactory price relationship existing between that particular commodity and other agricultural and industrial commodities. The Senator concedes that?

Mr. COPELAND. I agree to that fully.

Mr. McNARY. In the Senator's discussion, as I gather it, he talks about the base period as set forth in the bill as unfair. I do not know in what respect it is unfair. It is one that was brought to the committee and to the Secretary of Agriculture as the result of a union of feeling by various farm leaders. It was passed in the House in that fashion. It came to the Senate. A number of those interested in the dairy industry and the milk industry came before the Senate committee and made no reference to this base period, leaving the impression in the committee that it was wholly satisfactory.

What factor is involved that makes the price relationship unsatisfactory to the milkmen, using the base period as reported by the committee?

Mr. COPELAND. We have the following figures:

1910	.....	\$1.71
1911	.....	1.71
1912	.....	1.32
1913	.....	1.86
1914	.....	1.85

An average of \$1.79 a hundred pounds.

Mr. McNARY. What is the average?

Mr. COPELAND. One dollar and seventy-nine cents a hundred pounds.

Mr. McNARY. That is for skimmed milk?

Mr. COPELAND. No; that is for whole milk. That, you see, is about 3½ cents a quart.

Mr. McNARY. Then, if we take the base period and the price level which the Senator mentioned, and add the processing tax, what we may call the creamery tax or the converter's tax, what charge or tax would be levied upon the consumer today for 100 pounds of whole milk under the operation of this bill?

Mr. COPELAND. If this base period were to be taken as the period for milk there would not be anything added to the consumer, because there could not be put on the processor any tax which would bring it up to the price which he has had until year before last.

Mr. SMITH. What is he getting now, may I ask the Senator?

Mr. COPELAND. He is getting \$1.31 now, but prior to this he got an average of \$1.79.

Mr. SMITH. So the difference then would be the difference between \$1.79 and \$1.30, if that is the average price?

Mr. COPELAND. Yes.

Mr. McNARY. Do I take it from the able Senator from New York that if this bill should become a law and were administered the milk producers would receive no aid under the allotment feature of the bill?

Mr. COPELAND. My judgment is that they would not.

Mr. McNARY. What interest has the Senator in the bill with respect to changing the base price, if the milk producers are to receive no benefit under the bill?

Mr. COPELAND. I have no interest in it unless the milk producer is to have some benefit. I would have to hold my nose to vote for it anyhow; but in my section—and I am just as selfish as any Senator, and perhaps no more selfish—I want my farmers to be benefited. Many of my farmers happen to be dairy farmers. If this bill is passed as it is written, I am here to say to the dairy farmers of my State and of this country that they will get no benefit from this bill. On the other hand, they will be paying higher prices for many things that they have to buy in consequence of the passage of the bill. Since the bill is here, I want the New York dairy farmers to have their share of the "gravy", if it is possible for me to get it for them.

Mr. McNARY. What is the benefit now proposed by the Senator in changing the base period over and above the base period set forth in the bill?

Mr. COPELAND. The difference is that the average price in the base period of the bill was \$1.79 a hundred. The average price of the 10-year period which the tobacco men have selected would be \$2.73 a hundred. It would be virtually a dollar a hundred, or 2 cents a quart. That is the difference.

Mr. McNARY. What is the price level of whole milk now?

Mr. COPELAND. Last year, the lowest in the history of the industry, it was \$1.31 a hundred; but I have told the Senate why—poverty, distress, the inability of the people to buy, the practical reduction of the purchase of milk by 50 per cent; but in 1929 and 1930 and 1931 the price was considerably in excess of what it was during the base period of the bill. Unless, however, we take a period for milk which coincides with some degree of prosperity in the milk industry, the milk farmer will not be benefited. In other words, if we take the bill as it is written, there is not a dairy farmer in the United States who will be benefited by the part of the bill referring to milk; but, on the contrary, he will be harmed by reason of the higher prices which he will have to pay for products which he buys.

Mr. McNARY. Mr. President, the Senator from New York is keenly anxious to serve the milkmen of his State and section.

Mr. COPELAND. I am. I admit it.

Mr. McNARY. That, of course, is most commendable. From the figures the Senator from New York gives me, I glean that the processor's tax, using his base period, would be about \$1.42 a hundred pounds of whole milk.

Mr. COPELAND. Using my period?

Mr. McNARY. Yes.

Mr. COPELAND. It would be about 94 cents.

Mr. McNARY. The Senator, as I understood, said that the present current price average—

Mr. COPELAND. Oh, the Senator means on the current price?

Mr. McNARY. Yes. We take the current price average and subtract that from the base period to get the price level.

Mr. COPELAND. Yes. Last year, 1932, the tax would have been 48 cents; but for the extraordinary reason that I have mentioned—poverty, and the lack of demand for milk, and the lower price—1932 is not a fair year to take.

Mr. McNARY. Let me have this understanding with the Senator: Using his own figures as I have noted them here hastily, the present average price of whole milk per 100 pounds is \$1.31.

Mr. COPELAND. It was in 1932; yes.

Mr. McNARY. And under his base period the price level would be \$2.73.

Mr. COPELAND. Right.

Mr. McNARY. Subtracting \$1.31, the present price level, from \$2.73, leaves \$1.42. That is correct according to the Senator's own figures. That is the processor's tax that will have to be paid by the consumer. The question arises in my mind whether in the great city of New York, and cities about that great metropolitan area and section, that would work a hardship upon the consumers in the very largely increased price level for whole milk.

Mr. COPELAND. If it were actually true that the price for 1933 would be as low as \$1.31, I would say yes, it would work a hardship; but I am perfectly satisfied, by reason of legislation which we have perfected, that the price will not be as low as \$1.31. It will be in the neighborhood of \$2, which is 21 cents higher than the average of the 5 years in the base period.

Mr. McNARY. The Senator from New York has given careful thought to this section of the bill. Does he see any complications or complexities in the matter of the administration of the bill as applied to milk?

Mr. COPELAND. Oh, I share with the Senator all the doubts about the bill and about its administration. I think I am as skeptical of it in many ways as the Senator from Oregon.

Mr. McNARY. The Senator probably misunderstands me. I will say to my able friend that I think the bill is practical and practicable as to wheat and cotton, two great non-perishable commodities having an exportable surplus. I entertain serious doubts of the practicability and the workability of this bill as applied to milk and hogs and agricultural products of that kind. So I want to ascertain from the Senator, who has an unusual knowledge of foods, sanitation, and the great problems affecting the metropolitan areas of our country and the thickly congested and settled cities, if, in his opinion, this bill presents any complexities as to administration with respect to milk.

Mr. COPELAND. I want to answer that question rather fully, Mr. President.

My city of New York is a great manufacturing city. People think of it as a financial city. Hardly a day passes but that somebody lambasts Wall Street. One would think that they have nothing but money in New York and that financial affairs are the chief occupation and the chief thought of the people of that city.

As a matter of fact, the city of New York is the greatest manufacturing city in our country. Within the political boundaries of the city, in bulk and value, the manufactured products of New York exceed the combined output of Pittsburgh, Cincinnati, St. Louis, Milwaukee, Cleveland, Detroit, and Boston.

When there are depression and poverty on the farms of the United States, there are depression and poverty in the city of New York. When the farmer cannot buy, there are bread lines in New York.

Of course, the pending bill is sure to increase the cost to the consumer. I am more worried about flour than about anything else. If I read this bill correctly and can believe what I have been told about it, the price of flour, if this bill shall be enacted, will be about twice as much as it is today.

When that is reflected in the price of a loaf of bread it does not mean so much, because the price of wheat can be increased 60 cents a bushel before the cost of a loaf of bread will be increased 1 cent. Sixty loaves of bread can be made with 1 bushel of wheat. But 40 percent of the people of the United States make their own bread, and I venture to say that over half of the people in my city of New York make their own bread. When they go to the store and find that they are paying twice as much for flour, after this bill shall be enacted, as they did the week before, they are not going to like it. Nevertheless, the consuming public must bear their part of the burden. If we can rehabilitate agriculture, if we can increase the purchasing power of the farmer, we can sell the manufactured products of New York City, and

we cannot do it until then. When the farmer can buy we will prosper in the cities.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. BORAH. Suppose the result of this bill should be to decrease the purchasing power of the urban dwellers? Suppose, by reason of the increase of the price, they should buy less goods, buy less stuff; where would the benefit be to the farmer?

Mr. COPELAND. There would not be any benefit.

Mr. BORAH. The Senator knows well, better than I do, because he is more familiar with that phase of the situation than I, that the urban dwellers today are down to about the lowest margin possible in the way of living. Millions of them are in great distress. They cannot pay much more. If prices are increased, they will have to buy less. I fear the farmer will not benefit in the end.

Mr. COPELAND. I want to say to the Senator, in all frankness, that if it were not for the loan feature of this bill, the hope of the restoration of agriculture by the improvement in its finances, I would not vote for the bill.

Mr. BORAH. The Senator has stated my view. I think the refinancing part of the bill, the part providing for the refinancing of farm indebtedness of the United States, is a wise proposal. It will be of great help to the farmer. I am thoroughly in sympathy with it. I want to vote for it, and shall vote for it, and I shall vote for these other things if they are incorporated in the bill, because I want to vote for that part of the bill. But, in my opinion, the allotment proposition may prove as unsatisfactory to the farmers of the United States as the Farm Marketing Act.

Mr. COPELAND. Mr. President, I share the feeling of the Senator, and if it were not for the refinancing feature of the bill I could not be induced to vote for it. But the bill is here, and it is going to be passed, and if it is passed I want the dairy farmers of New York, as well as the dairy farmers everywhere in the United States, to have whatever benefits are possible. They will not derive any benefit from it if the base period proposed by the committee shall be accepted as regards milk and milk products.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. VANDENBERG. The Senator is discussing the milk phase of the problem. I wish he would translate that for me into terms of sales tax which the ultimate consumer would confront in respect to milk. Then I will understand it. Is this correct, that the Senator believes that if the bill stands as it is there will be no sales tax on the consumer in respect of milk?

Mr. COPELAND. Does the Senator mean if it passes as it is written?

Mr. VANDENBERG. Yes.

Mr. COPELAND. No; there will not be any tax on the milk.

Mr. VANDENBERG. Suppose the Senator's amendment should be adopted, what would be the sales tax on a quart of milk?

Mr. COPELAND. About 2 cents.

Mr. VANDENBERG. A 2-cent sales tax on milk?

Mr. COPELAND. Yes; and if I had my way, may I say to the Senator from Michigan, I would do away with that and provide for a general sales tax. I feel that that is the way we ought to raise some of our revenue. I am not one of those who say that such a tax is unfair to the working classes—unfair to the poor. As a matter of fact, there is no tax which is so graduated and so fair as the sales tax; because with a sales tax in operation it is the man who has the money, the man who spends the money, who is taxed; and if we exempt from the sales tax food and the other products, proposed to be exempted, there will be no great burden upon the poor of our country.

Mr. VANDENBERG. Does the Senator think that the people of his city can pay a 2-cent sales tax on milk?

Mr. COPELAND. In my city we are improving the methods of distribution so that there will be cut out between the producer and the consumer a good deal of expense, because we are now going forward in that matter. My own feeling about New York City, therefore, is that the increase will not be so great. But measured mathematically, without reference to these improvements which will take place in distribution and marketing, there would be such a tax as the Senator from Michigan suggests.

Mr. FESS. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. FESS. The Senator is speaking about the change of price to the consumer as a result of the falling of the price or the increasing of the price to the producer. In the admirable address made by the senior Senator from Arkansas [Mr. ROBINSON] Friday he dealt with that phase of the problem, and when I heard him a doubt came into my mind at once. The suggestion was that since the prices of raw products have been falling there has not been any serious reflection of that fact in a decrease in the price of the finished product. For example, wheat has gone down, but bread has not gone down accordingly; and the Senator argued from that that if wheat should go up bread would not go up accordingly. It was simply a parity of argument.

I do not agree with that view of it. It is true that the large units which produce the articles of consumption are able to maintain the price when the raw material comes down, but when there is a positive increase in the price of raw material as a result of an act of government, it gives ground immediately for an increase in the price of the finished product, and I do not endorse the argument that if an article has not fallen in price with the falling in price of the raw product, it will not rise with the increase in price of the raw product. Things do not go that way. I assume that the Senator is correct in saying that if there is an increase in the price of wheat by reason of the proposed form of bounty on wheat it will be reflected in the price of flour, but the Senator said he did not think it would be especially reflected in the price of bread. I am assuming it will be reflected in that also.

Mr. COPELAND. There is a very great margin. I think the Senator from Arkansas [Mr. ROBINSON] the other day, if I remember correctly, said that of the price received for the ingredients in a loaf of bread, the farmer received only 1.9 cents.

Mr. FESS. One and nine-tenths cents.

Mr. COPELAND. Of course, if we increase the price of wheat 60 cents, there is the legitimate excuse for putting 1 cent more on the price of bread and there is no doubt that it will go there. I have no question about it.

Mr. FESS. There is no question about that.

Mr. COPELAND. But I feel myself that one of our great problems in the United States is our failure to reorganize our system of distribution. When the farmer was really prospering he got $7\frac{1}{2}$ billion dollars for his farm products, for which the consumer paid $22\frac{1}{2}$ billion. Fifteen billion dollars, twice the original cost, had been added between the producer and the consumer. I was a member of the milk commission which sat in New York some years ago, and we felt that we had worked out methods by which the distribution of milk could be so improved that there would be a material decrease in the cost of milk to the consumer, and I still think so. But, no matter if those in the cities suffer, if there is any hope in the improvement of farm conditions, the purchasing power of the farmer will be increased. Then the city dweller will have work and greater prosperity.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. SHIPSTEAD. I have some figures, and I would like to ask the Senator from New York if he thinks they are correct. They are figures given out by Professor Warren, of Cornell University, on the distribution of milk and the cost to the consumer, and the price paid to the farmer before, during, and after the war. I am wondering whether the Senator can tell me whether or not these figures are correct?

Professor Warren says that in New York City before the war the consumer paid 8 cents a quart for milk and that the farmer got 4 cents; that during the war the consumer paid 16 cents a quart for milk and that the farmer got 8 cents. He says that now the consumer pays 10 cents a quart for milk and that the farmer gets 2 cents. Can the Senator give us any information as to whether or not those figures are correct?

Mr. COPELAND. I fear the Senator has taken figures from Professor Warren, who is a great authority, but has not taken quite all of his figures. In New York we have had on sale several qualities of milk. There has been grade A milk, there has been grade B milk, and bottled milk, and then there has been loose milk. So any figure might be misleading. The city of New York has now determined that all the milk sold must be bottled milk. Consequently, it is sure to cost the consumer more, but it adds to his safety and the lowering of his doctor's bills.

The farmer, in my opinion, has never had a fair share of what the consumer pays for the milk, although I would want to analyze the quoted figures more closely and not simply make a general reply.

Mr. SHIPSTEAD. According to these figures, before the war and during the war the farmer got half of what the consumer paid for his milk, and if the figures are correct, he now receives only one fifth.

Mr. COPELAND. Let me say to the Senator that there has not been a time when the farmer got as much as 8 cents a quart for his milk. In 1920 the dairy farmer was at his very best, and at that time he got a little less than 7 cents a quart. It was \$3.42 a hundred, a little less than 7 cents a quart. But this last year the farmer got only \$1.31 a hundred, which would be about $2\frac{1}{2}$ cents a quart.

Mr. SHIPSTEAD. I would like to ask the Senator, for my own information, this question: It is hoped that this bill will restore parity in exchange such as existed during the pre-war period. I know that the Senator wants to help the farmer. By this amendment are we to understand that he thinks the parity which existed during the period from 1909 to 1914 would be worse for the farmer than that which existed from 1919 to 1928?

Mr. COPELAND. Yes. I have taken the period from 1919 to 1928, which is much fairer, because during the period from 1919 to 1928, inclusive, the farmer's average price was \$2.73 a hundred, while in the base period proposed by the bill it was only \$1.79. He gets about 96 cents more per hundred pounds with the later base period than he would if the other were taken.

Mr. SHIPSTEAD. Does the Senator mean to tell us that the farmer's milk dollar bought more of industrial products in the period from 1919 to 1928 than it did from 1909 to 1914?

Mr. COPELAND. I think so; yes.

Mr. SHIPSTEAD. Is not that true of other commodities?

Mr. COPELAND. No; it is not true of other commodities. That is the argument I made. This base period is going to help as regards other commodities, but it is the worst period as regards milk.

Mr. McKELLAR. Mr. President, will the Senator state whether he got his figures from the Department of Agriculture?

Mr. COPELAND. I did.

Mr. McKELLAR. Those figures show that the price was greater from 1909 to 1914 than between 1919 and 1928?

Mr. COPELAND. No; that the price was greater between 1919 and 1928.

Mr. McKELLAR. What is the difference, as shown by the figures which the Senator has?

Mr. COPELAND. The average price of the base period fixed in the bill, 1909 to 1914, was \$1.79 a hundred. The average price from 1919 to 1928 was \$2.73 a hundred.

I appeal to Senators to take this amendment to conference and let the agricultural experts pass judgment upon it.

Mr. SMITH. Mr. President, before the vote is taken I should like to say that I made the statement a while ago

that those who appeared before our committee in the interest of the milk industry did not say anything about the changing of the base period. Most Senators have the report of the hearings before them on their desks.

On page 324 is found the statement of Charles W. Holman, secretary National Cooperative Milk Producers' Federation, Washington, D.C. Then follows a list of the members of his organization, most of page 324 and all of page 325 being taken up by that list. I will read just the opening sentences of Mr. Holman's remarks before the committee:

I am passing around a little map which shows the distribution as to homes where the farmers live. We belong to the constituent units of this organization. It is entirely agricultural in character.

Mr. Chairman, I have been instructed by the executive committee of our federation—and I will be very brief—to express the approval of the federation of the House bill. We do not advocate any changes in the bill as it came to this committee. We are supporting the bill in all particulars. I shall address myself, however, only to those phases of the bill that may affect the dairy farmers of this country.

Then he goes on to defend the bill in all particulars, and to show that, in his opinion, it would be beneficial to the milk producers.

The Senator from New York [Mr. COPELAND] has offered an amendment which contravenes the detailed statements of one who is the secretary of the National Cooperative Producers' Federation. Of course, as I before stated, and now repeat, I am totally unfamiliar with all the ramifications of the milk business. It was stated before our committee—and I call upon those members of the committee who are hear to bear me out—that it is the most complex of all the commodities included in this bill, insofar as its applicability to the machinery proposed to be set up here is concerned. I say that much in vindication of myself and of the committee.

Mr. McCARRAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Nevada?

Mr. SMITH. I yield.

Mr. McCARRAN. The Senator from South Carolina just a moment ago, based on the testimony on pages 324 and 325 and those following in the record of the hearings before the Agricultural Committee, said that the Senator from New York has offered an amendment which contravenes the statements of Mr. Charles W. Holman, the secretary of the National Cooperative Milk Producers Federation. I ask the Senator wherein the amendment of the Senator from New York contravenes the statement of the secretary of the National Cooperative Milk Producers Federation as it has been recorded. It appears to me, from a reading of the hearings, that there is nothing in the statement of the secretary of the National Cooperative Milk Producers Federation, as it is called, which at all contravenes the amendment now offered by the Senator from New York nor does the amendment offered by the Senator from New York contravene the statement. The statement of the secretary before the committee merely goes to the general proposition of the bill sent over from the other House and not to the specific proposition of dealing with the milk industry. That is so as I read the statement and as I gather its meaning.

Mr. SMITH. Mr. President, I read what Mr. Holman stated in his opening remarks as follows:

I have been instructed by the executive committee of our federation—and I will be very brief—to express the approval of the federation of the House bill. We do not advocate any changes in the bill as it came to this committee. We are supporting the bill in all particulars. I shall address myself, however, only to those phases of the bill that may affect the dairy farmers of this country.

Then I find he simply calls attention to the licensing features and the power granted the Secretary of Agriculture from time to time to take cognizance of the operation, but in no place does he suggest a change of the base period; and that is the question before the Senate—Shall we change the base period?

The Senator from New York has already said that during a certain period milk was sold for about \$1.79 a hundred.

Subsequently the milk producers formed cooperative associations for the purpose of raising the price of milk, according to his statement, nearly double. Subsequent to that the depression set in, and the people became too poor to buy milk, but the cooperatives were still operating, though the people who consumed milk did not have the money with which to buy. Consequently what the cooperatives desired could not be done.

It seems to me that the authority of this spokesman for the milk cooperatives was sufficient for us to reach the conclusion that nobody in the business wanted a change in the bill in any particular. That is all that I, as a member of the committee, have to go by. Of course, I shall leave it to a vote of the Senate as to whether or not they want to change this provision. I have no right and no power, in view of the testimony taken before the committee, to accept the amendment or to say that it should not be accepted, but, as I say, I shall leave it to the judgment of the Senate.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. FRAZIER. An argument was made by Mr. Holman. There was no discussion as to a change in the basic period.

Mr. SMITH. No.

Mr. FRAZIER. It was after his statement that the change was made in the case of tobacco.

Mr. SMITH. Yes.

Mr. FRAZIER. I voted for that change because of the showing that was made by those who knew the situation in the tobacco States.

While \$1.79, the average price from 1900 to 1914, would be a great help to the milk producers, if they could obtain that price as compared to present prices, yet the average of \$2.73 during the period suggested by the amendment of the Senator from New York as the base period, namely, the period from 1919 to 1928, would be, of course, much better. It would not be too high. In my opinion, even then, they would not make any proper profit, counting in their work. It seems to me that it would be only fair to the dairy farmers to select a base period that would result in an increase in the price of their products.

Mr. SMITH. Mr. President, the only point I make—and it may not be of any real worth to the Senate—is that the tobacco producers did appear and pointed out that the base period selected would not affect them at all; in fact, that they would get less, even with the tax, than they had been getting subsequent to the period thus selected. They therefore asked the committee to change the base period, and select another base period which would put the tobacco producers on a parity, so far as purchasing power is concerned, with the producers of other commodities. They stated that the purchasing power of tobacco at that time was below parity compared with the purchasing power of other agricultural commodities when it came to buying the things which they had to buy. So they selected a period that would more nearly approximate the normal buying power for tobacco. However, there was not one word said about the milk question. Here on the floor of the Senate a Senator who has had a great deal of experience, not as a milk producer but because of his official position by inspection and otherwise, makes a plea for the New York milk producers, and states that the period suggested by him should be the period adopted as affording higher prices. As I have said, I do not feel that I should accept or advise the rejection of the amendment, but I leave it entirely to a vote of the Senate as to whether they think it is a proper thing to do.

Mr. SHIPSTEAD. Mr. President—

Mr. SMITH. I yield.

Mr. SHIPSTEAD. As I understand the purpose of the pending bill, it is to establish parity between the purchasing power of farm products and the purchasing power of industrial commodities. It seems to me that the thing for us to determine is what course will insure the greatest degree of parity—

Mr. SMITH. That is correct.

Mr. SHIPSTEAD. As between the base period of 1909 to 1914 and the base period from 1919 to 1928. The only consideration that should enter into the determination of the question seems to me to be at what period was there the best parity. I am not familiar with the details of that question, but it seems to me it can easily be determined at what period there was the best parity between the agricultural dollar, so far as milk products are concerned, and the dollar of industry. That can easily be ascertained; and if there was a greater approximation to parity during the period contended for by the Senator from New York, it would be perfectly consistent with the philosophy and purpose of the bill to specify that period as the base period for the purpose of establishing a price for milk. If, however, there was a nearer approach to parity during the period from 1909 to 1914, then it would be perfectly consistent with the objects and the purposes of the bill to retain that base for the purpose of carrying out its provisions.

Mr. SMITH. Mr. President, the purpose of this bill, so far as the allotment plan is concerned, is to raise the price of farm products to a point where their purchasing power will be on a parity with the purchasing power of the things the farmers have to buy. The nearest we could come to a period where that parity existed was during the years from 1909 to 1914. If during that period, as to a commodity included in those subject to the bill, it can be proven that the parity which we seek did not exist, then the representatives of the product so affected have a right to come here and endeavor to select a period that will, when everything is considered, represent a time when there was such a parity as exists with respect to other commodities. As I have said, however, not being familiar with the particular question, and having before us the testimony of the man who represented the milk producers, as a matter of course, milk was not included in the amendment of the Senate committee, because it had not been asked that it be included, nor were the facts given showing why it should be included.

Mr. BANKHEAD. Mr. President—

Mr. SMITH. I yield to the Senator from Alabama.

Mr. BANKHEAD. Mr. President, it seems to me the Senator from New York is exploring ground with which he is not entirely familiar in view of some of the statements and arguments he has made. I am not going to undertake to deal with his reasoning as to the philosophy of this bill, because the immediate question embraces too narrow a subject to spend half a day on when the Department of Agriculture is urging as much speed as we can possibly make so as to get this bill in operation before it is too late to apply it to the present planting season.

Mr. President, some seem to have an idea that the bill fixes the price that dairymen are to get for their milk under its terms. We have simply fixed the base period for the purpose of establishing a parity. During all the discussion I have heard nobody stated what the price of milk was during that base period and the price necessary to bring about parity. That is the only question involved.

Here is the report submitted by the Committee on Agriculture of the House in reporting the bill. It may be recalled that during the last session there was a bill pending before both Houses upon which elaborate hearings were had before committees of the House and Senate. In that bill milk and its products were included. Many witnesses were heard before the committees. In submitting their report the committee placed the price of milk on February 15 of this year at \$1.16 per hundred pounds. The report made to them by our Department of Agriculture, the basis that is included in all the statements and figures for the ascertainment of parity prices, is \$1.16 per hundred pounds. The parity price for milk then as estimated by that department would be \$1.90, an increase of 63 percent. Yet we have heard the assertion here, upon information from some source, that under the parity basis there will be no increased price to the dairymen. However, there are the figures furnished from an official source.

In addition to that, as the chairman of the committee pointed out, the secretary of probably the largest dairy asso-

ciation in America, representing hundreds of other associations, stated that he wanted the bill passed as it passed the House without any change. Who can presume to think that the representative of this industry, in appealing to our committee to make no change in the bill, did not have as the very first and central point of thought the price involved and the benefits involved from a money standpoint? It would be a strange suggestion that they were talking about other phases of the bill without giving direct and intimate and thorough consideration to the question of the effect the terms of the bill would have in dollars and cents upon the members of their association.

So, with full knowledge of the effect, with full knowledge of the increased price that would come to the dairy interests as a result of the parity arrangement contemplated by the bill, this great organization, through its representatives, urged that no change be made. I am sure that many Senators, especially members of the Committee on Agriculture and Forestry, will confirm the statement that telegrams came to them from representatives of dairying associations in all sections of the country urging that we leave the provision as to milk as it was in the bill as it came from the House. They were entirely content, entirely satisfied, with that and were anxious only that no change should be made that would be injurious to their interests.

Mr. McCARRAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Nevada?

Mr. BANKHEAD. I yield.

Mr. McCARRAN. In view of the statement which the Senator has just made, I remind him that Charles W. Holman, in his testimony as set forth on page 324 of the hearings, said: "Let there be no change in the bill." I hope that I quote the Senator correctly and that he will correct me if I do not. The bill before the committee at that time was the bill as it passed the House unemasculated by the Senate Committee on Agriculture and Forestry.

Mr. BANKHEAD. Does the Senator say it is emasculated now so far as it refers to the milk industry?

Mr. McCARRAN. I do.

Mr. BANKHEAD. All right; point it out.

Mr. McCARRAN. I say it is emasculated because it has been entirely changed from the original bill as it came from the House and was referred to the Committee on Agriculture and Forestry of the Senate. May I respectfully point out—

Mr. BANKHEAD. Mr. President, I do not want to yield to the Senator for an argument. When I conclude he may take the floor in his own right. I assumed he wanted to interject merely a question.

Mr. McCARRAN. I am leading up to a question now.

Mr. BANKHEAD. Very well.

Mr. McCARRAN. Is it not true that when the secretary of the National Cooperative Milk Producers' Federation appeared before the Committee on Agriculture and Forestry of the Senate he appeared to respond to and deal with the bill as it passed the House and was then before that committee, and that all of his statements were addressed to that and nothing else?

Mr. BANKHEAD. Mr. Holman, the secretary, came of his own accord as the representative of that association without any limitation upon him as to the subject he should discuss or what might be in his mind relative thereto. He came there as a representative of the milk industry and made the statement which the chairman of the committee has read: "We do not advocate any changes in the bill as it came to this committee." No change has been made, so far as I have been able to follow the bill, which in any way alters its effect upon the dairymen.

Mr. President, after the subject has been so carefully considered by the House committee and the Senate committee and by the representatives of the organized industry, and no dissatisfaction has been expressed anywhere, no opposition having presented itself anywhere, I submit that it is rather dangerous upon the mere suggestion of the Senator from New York [Mr. COPELAND] to change the basis as to

this commodity. There has been considerable question as to its inclusion in the bill at all because of its highly perishable nature and because it is the only commodity in the bill which does not have an exportable surplus. Still the suggestion is made upon the floor of the Senate that the price of milk to the children of the city of New York should be raised now at a time when their consuming power is lower than at any time in the history of our country. It is suggested that this necessity and essential of life should be lifted clear out of line with the base period of all other commodities in the bill and put on the basis which the Senator admits is the highest possible basis within the history of the industry. I submit that no such change in the interest of the dairymen of New York or of the entire country should be made. Here is an increase proportionate with the increase in other commodities included in the bill, and the Senate should be very careful about making a change affecting so directly and so seriously the type of consumers in the country who would be affected by the change proposed by the Senator from New York.

Mr. AUSTIN. Mr. President, it has seemed to me that the amendment proposed by the Senator from New York [Mr. COPELAND] deserves comment by Senators from the great milk shed of the United States, because they are quite likely to have that special knowledge which others who reside elsewhere in our country may not have. I think it is not wise for Senators from other sections of our broad country, with its diverse activities, who have no special experience with a product of this character, to undertake to oppose an amendment of the kind offered, which obviously is proposed by one who ought to know, and who no doubt does know, about the subject, whose interest in the public welfare has been manifested so many times, and whose great heart for humanity is always expressing itself in the United States Senate.

I heartily support the Senator from New York in the proposed amendment. I may say, without any attempt at increasing the importance of my few remarks, that I come from the heart of the great milk shed. We have early pastures there. The sun warms the green mountains before ever the valleys get thawed out, and the frost disappears from them. We produce a very fine quality of cattle and a great quantity of milk, considering the area of Vermont.

Mr. McCARRAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Nevada?

Mr. AUSTIN. I yield.

Mr. McCARRAN. I am very much interested in the remarks of the Senator, and I am sorry that there is so much confusion in the Chamber that it is with great difficulty that I can hear them. I especially ask for order so that we may hear the Senator's remarks.

The PRESIDING OFFICER. The Senate will please be in order.

Mr. AUSTIN. Mr. President, I shall not speak long on the subject. It seems to me it should take but few words to picture a situation which ought to have weight in the consideration of the amendment proposed by the Senator from New York.

The little State of Vermont produces three fourths of all the milk that is shipped into the city of Boston every morning. The men and women who are maintaining those fine dairies in Vermont have been held down to the grindstone for years because they are not getting adequate prices for their products. They have taken great pride in producing a very fine quality of milk with a high percentage of butterfat, and they continue to battle against adversity of weather and adversity of hard times. They have made a wonderful success of the milk industry.

In the hope of trying to preserve that industry they have for the past 2 years been going through an intelligent struggle for reorganization of the marketing facilities for milk in the State of Vermont. In that effort they have joined the other New England States. Our legislatures in New England, our Governors, and administrative officers have all cooperated in that effort. It has made some progress, but

we are far from a solution. I wish to call the attention of the Senate to the fact that the distinguished witness who has been cited here, Mr. Holman, made statements in his testimony which show that he was not undertaking to bind the Senate; that he was not undertaking to say that if this question arose in such a way that an amendment might be made on the floor of the Senate that would improve the condition of milk it should not be made; for he said this, and I read from page 327 of the hearings:

There has been a distinct decrease in the buying power of butterfat, and I might call your attention to the fact that in the chief dairy States of the United States we have the highest percentage of farm mortgages outstanding, and our people are having as much difficulty as anybody else in trying to find a gross income on which to pay their interest and their mortgage debts. In that connection the average amount of butterfat that it takes to pay the tax on an acre of land has increased from 1913 to 1932, 176 percent. In other words, while 1 pound of butterfat would pay that much taxes, it now takes 1 3/4 pounds of butterfat to do that.

Now, let us apply that reasoning to this amendment rather than to take the fiat which is set forth somewhere else, which says in effect that he would not recommend the change of a comma in this bill, and we arrive at the conclusion that if Mr. Holman had had before him an amendment which undertook to change the basic period for tobacco, and the distinguished Senator from New York had presented to him this change in the basic period for milk, his testimony would have had an entirely different color. It certainly would not have the absolutism that is contained in the statement that he backed this measure without the change of a comma. His reasoning shows that he would have followed and indorsed the reasoning of the Senator from New York and helped to stabilize and build up this great industry upon which the children as well as the adults of our country are so dependent.

I hope the Senate will accept the amendment proposed by the Senator from New York.

Mr. COPELAND. Mr. President, I am very much obliged to the Senator from Vermont [Mr. AUSTIN] for his courtesy. He is always considerate, and I appreciate his kind words. I am not quite so enthusiastic over what the Senator from Alabama [Mr. BANKHEAD] said about me. Concerning that I want to make this comment, Mr. President:

I may be ignorant of the purposes and effects of this bill, but I am convinced that wisdom regarding it will not die with the Senator from Alabama. He has certainly gone far afield, and made many unintentional but nevertheless real mistakes regarding the purpose of my amendment and the figures relating to it.

I am not ignorant of the fact that we are not fixing prices. I have read the other parts of the bill, and know that we are seeking to establish the fair exchange value of this commodity with the purchasing power that the commodity had during the base period.

Mr. President, regardless of what others may have testified, I am here to say that if this bill were to be enacted into law as written now, the dairy farmer of America will not be benefited.

Mr. FESS. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Ohio?

Mr. COPELAND. I do.

Mr. FESS. The Senator said he was aware that the bill does not attempt to fix prices. I wish the Senator would read, on page 25, subsection (b) of section 20, where it says:

(b) After such date as shall be specified in the proclamation, it shall be unlawful for any person to purchase any amount of the commodity from the producer or any association of producers at a price, for the domestic consumption percentage thereof, that is less than the proclaimed cost of production for the commodity.

May I ask the Senator whether, in his judgment, that authority to estimate or declare the cost, and the attaching of a penalty if anyone should buy at less than that price, does not fix the price?

Mr. COPELAND. I assume that the Secretary of Agriculture will proclaim the price of milk, and that, when he has done so, that will be the price.

Mr. FESS. I rather think the Senator is in error when he says that this bill does not include price fixing. As I interpret the language of it, it does carry the power to fix the price, based upon what it is determined is the cost of production; that is, it must not be less than that.

Mr. COPELAND. The Senator no doubt is right. In my enthusiasm to reply to the remarks of the Senator from Alabama [Mr. BANKHEAD], perhaps I went farther than I should have; but, of course, what I had in mind when I made the statement was that if we were to make the base period 1920, when the price of milk was at its very highest, \$3.42 a hundred, I would not think for a moment that that was going to be the price that the farmer would get now. The question is, What could he buy now with 100 pounds of milk in contrast with what he could buy then? That is the way the matter will be determined. In that sense the direct price in dollars and cents would not be fixed.

Now, Mr. President, I want to say just a word further if I may have the attention of the Senator from South Carolina. I am not in conflict with Mr. Holman a particle. I know him and respect him. I am regretful that I have not had an opportunity to talk with him during the past 2 or 3 days. I had hoped to do so; but, failing to hear from him, I did telephone to other men in the industry who are associated with him in the same organizations.

It is very clear, as the Senator from Vermont [Mr. AUSTIN] has pointed out, that when Mr. Holman was before the committee it is probable he did not have in mind the base period at all. He was not thinking about that. If the Senator from South Carolina will turn to page 326, it shows that Mr. Holman's enthusiasm was over the licensing feature. If the Senator will notice the paragraph beginning:

But the particular provisions that we desire to commend to you cover the power giving the Secretary the right to license the trade including the cooperatives, and to control in interstate and foreign commerce operations so far as the licensees are concerned, so far as licensing is concerned.

Then, in another place, he speaks about the mortgage legislation. There is no doubt in my mind that Mr. Holman had in mind the general principles of the bill, not specific things as regards, for instance, the base period for milk. He was not thinking about that, I am confident. What proves it to me is the fact that when I talked on the telephone last night with one of the same organization in New York State, in western New York, he said, "Why, I have not thought about the period. I have not thought about that. I am only thinking about some period which will give us hope of some prosperity in the enactment of the law. By all means change the period."

Mr. President, my only thought in this matter is to help the dairy farmer.

The Senator from South Carolina is wrong when he says that my interest is purely that of one who has had general supervision of a milk supply. I have also had experience, may I say to him, as a producer of milk, so I also sit with him in high places.

But the dairy farmer, Mr. President, has a very responsible place in society. Milk is the most valuable of foods. It is the perfect and essential food at certain ages of life, a necessary food, a balanced food.

Sanitarians have demanded of the milk farmer that he maintain certain standards. He must produce milk under certain conditions. His herd must be a tested herd. The milk must be produced under sanitary supervision. The barns are supervised. Inspectors go there to test the herds, to examine the bacterial content of the milk, to examine the milkers to see if they are free from disease. The milk must be maintained at a certain temperature, taken to the creamery at a certain time, where it is kept at a certain temperature until it is prepared for pasteurization. Then it is pasteurized, and so forth. All these things have added to the cost of milk; and not only that but they have added to the expense of producing milk.

The farmer has to maintain these fine herds and these splendid barns. He has to get up in the night and take care of his sick cows. He has a strenuous life. His wife and children join him in hard work. I am seeking just one

thing in what I am trying to do, and that is to help the dairy farmers of the United States, and by helping them I help the farmers of my State.

I am confident that when Mr. Holman comes to study the details and to take the prices given by the Agricultural Department year by year from 1909 down to 1933, he will find that that period, which is the base period of this bill, is the most unfortunate period that could possibly be chosen for the milk farmer, for the dairy farmer. There is no doubt in my mind that with the improvement now taking place in my State in the marketing of milk the price that the milk farmer will have will be certainly as high as he received during the base period of 1909 to 1914. But if he is to be really benefited by the pending bill, some other period must be taken.

And so once more I say to my friend from South Carolina—who knows far more about agriculture than I could possibly know—that I appeal to him to let this amendment go to conference. Then let Mr. Holman and the others who are interested in these various cooperatives, and let the experts of the Department of Agriculture, determine whether or not this is a wise provision which I have suggested. If not, then let the conference amend it.

So, Mr. President, I plead with the Senate to accept this amendment.

Mr. McNARY. Mr. President, may I ask the Senator one concluding question? The Senator has referred to the dairies supplying the metropolitan area as affected by the change in the base period. Has the Senator made a national survey to see if this base period is applicable throughout the country?

Mr. COPELAND. The prices I have given are the general rates given to me by the Department of Agriculture for the entire country, and so the conditions which I describe are general conditions and not those of my own immediate locality.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New York [Mr. COPELAND] to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on the amendment as amended.

The amendment as amended was agreed to.

Mr. BANKHEAD subsequently said: Mr. President, I was out of the Chamber when the vote was taken on the amendment offered by the Senator from New York [Mr. COPELAND] changing the base period for milk and its products. I understand the amendment was adopted. If so, I wish to enter a motion to reconsider the vote by which it was adopted.

The VICE PRESIDENT. The motion will be entered.

Mr. SHIPSTEAD. Mr. President, the processing fee has been referred to as a tax upon the consumer, and from that point of view the question was discussed by Professor Kemmerer, of Princeton University, a few days ago.

In answer to Professor Kemmerer's point of view there appeared in yesterday's New York Times an article written by Dr. John A. Ryan, a noted economist, of Washington, D.C., relative to this fee. He referred to it as not being a tax, and the article is so interesting that I ask that it be printed at this point in the RECORD without being read.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From New York Times, Apr. 9, 1933]

FARM RELIEF LEVIES NOT VIEWED AS TAXES—ASSESSMENTS STIPULATED IN THE PENDING BILL WILL NOT GO TO THE SUPPORT OF THE GOVERNMENT

TO THE EDITOR OF THE NEW YORK TIMES:

A considerable part of the article by Prof. E. W. Kemmerer in the Times of last Sunday is unintentionally confusing and misleading. I refer to his description and discussion of the assessments which are to be imposed upon the processors of certain farm products in the pending farm relief bill as "taxes" or "a tax." Professor Kemmerer condemns these as contravening "most of the fundamental canons of justice in taxation."

Inasmuch as these assessments are not a tax, the appeal to the proper canons of taxation is wholly irrelevant. A tax is a levy by government for the support of government. The assessments stipulated in the farm relief bill, the greater part of which will undoubtedly be passed on to the consumer, are imposed and will be collected by the Government indeed, but they will not be

devoted to the support of government. Since they are intended to provide higher prices for the farmers, they are properly classified under the head of price fixing. To call this levy a tax tends to give it a bad name and would cause it to be prejudged, just as many reform measures have been injured by calling them socialistic. The proposal ought to be considered on its merits. What it does, not what it may be called, is the vital consideration. It is indeed a price-raising measure for the benefit of one class of citizens at the expense of another class. Nevertheless, the emphasis upon class legislation in the discussion of it is irrelevant to the question of justice. In the interest of realism as well as fairness the laissez-faire condemnation of class legislation as such should be totally discarded. As a matter of fact, the vast majority of important enactments, whether by Congress or by the State legislatures, are and must be class legislation in the sense that they all benefit some classes more than others. The principle underlying this practice is the only one that is just in a society with different class needs and class interests. The "general citizen" does not exist any more than "the economic man" who was excogitated by Professor Kemmerer's predecessors of the classical school of economics.

CANONS OF TAXATION

Class legislation provides the only method for effectuating distributive justice, the formulation of which is: "Burdens according to capacities, benefits according to needs." The canons of taxation to which Professor Kemmerer rightly appeals are in accord with the first part of this formula. The second part is even more important, and it not only justifies but requires legislation which varies according to the interests and needs of the various social classes. As applied to governmental functions, the principle was never more aptly expressed than by Pope Leo XIII: "Whenever the general interest or any particular class suffers or is threatened with evil which can in no other way be avoided, it is the duty of the public authority to intervene."

Professor Kemmerer emphasizes the increased cost of food products which will result to the great majority of the population for the sake of a minority. This, too, is irrelevant. The only relevant question that can be raised concerning the justice of the price-determining provisions of the farm relief bill is whether they are fair to both producers and consumers. The farmers have a valid ethical claim to prices sufficiently high to enable them to live decently. Conversely, the consumers are under ethical obligation to provide such prices on all the farm commodities that they actually consume. When they demand goods at a lower price they are unreasonable and unjust.

Do the prices contemplated in the farm relief bill provide more than a decent livelihood for the farmers? Professor Kemmerer intimates that they are arbitrary, inasmuch as they aim at restoring the relative purchasing power enjoyed by the farmers in the years 1909-14. Possibly this is an "arbitrary" standard, but it can scarcely be called exorbitant or unjust in view of the enormous burden of debt and the desperate situation created by wholesale mortgage foreclosures. The level of prices contemplated in the bill will not give the vast majority of farmers an excessive income for many years.

THE QUESTION OF FAIR PRICES

The general failure to recognize this ethical principle of fair prices to the farmers and the ethical obligation upon consumers to pay such prices has been one of the most discouraging features of the discussion of the domestic-allotment plan and every other plan for lifting agricultural prices from their present unjustly low levels. Almost all the critics of these proposals seem to assume that whatever price is fixed by supply and demand is a just price. While Professor Kemmerer does not in his article expressly accept this assumption, neither does he deny it, and his whole argument tends to lend it support. This is another laissez-faire assumption that has been long overdue for the discard. It is high time for the universal acceptance and preaching of the doctrine that every economic class in our abundantly rich American productive society whose products or services are required by society has a moral right to at least the elements of decent living and that those who consume those products or services have a moral obligation to provide the money equivalent of such a standard of living.

Undoubtedly the administrative difficulties involved in this part of the farm relief bill are very great. Possibly they are insoluble. The only way to ascertain the truth in this matter is by actual experiment, as President Roosevelt has frankly admitted. But experimentation, no matter how formidable, is preferable to continuation of the present intolerable conditions in our agricultural industry.

JOHN A. RYAN.

WASHINGTON, D.C., April 4, 1933.

The PRESIDING OFFICER. The Clerk will state the next amendment of the committee.

The next amendment was, on page 3, line 13, after the word "upon", to insert "not in excess of the market price", so as to read:

SEC. 3. The Federal Farm Board and all departments and other agencies of the Government are hereby directed—

(a) To sell to the Secretary of Agriculture at such price as may be agreed upon, not in excess of the market price, all cotton now owned by them.

Mr. McKELLAR. Mr. President, the Senator from South Carolina will recall that when a similar bill was before the Senate at a previous time I offered an amendment as a substitute for subsections (a) and (b), which I now desire to offer. The proposed new sections as I offered them would read:

(a) To take such action and to make such settlements as are necessary in order to acquire full legal title to all cotton on which money has been loaned or advanced by them upon such terms as they may deem fair and just: *Provided*, That no amount in excess of outstanding advances to individual producers and charges paid or accrued for storage, transportation, insurance, and interest against the cotton so acquired shall be allowed by the Farm Board in such settlement: *Provided further*, That if the amount of such advances and charges on the actual cotton so acquired cannot be determined, no amount in excess of the market value of the cotton shall be allowed by the Farm Board except that it may cancel such part of any loan or advance, and only such part, as it ascertains to be not recoverable from the borrower.

(b) To sell to the said Board at such price, not exceeding the market price, as may be agreed upon by the Secretary of Agriculture all cotton now owned by them or acquired by them under the provisions of section (a).

Mr. SMITH. Mr. President, exactly the same principle is involved in the two amendments, first, the one on line 13, page 3, where we propose to insert the words "not in excess of the market price"; that is, the market price at the time the settlement is made. The next one is where we propose to insert the words, "In making such settlements the cotton shall be taken over at prices equal to the amounts loaned or advanced, directly or indirectly, plus the carrying charges and operating costs thereon. The Department or other agency shall," and so forth. That includes practically what the Senator had in his amendment.

Parties interested in the bill have stated that if it were agreeable they would like to have this particular amendment go over for a time, until the new Secretary and parties interested might reach an agreement, and I promised that I would make that request.

Mr. McKELLAR. Mr. President, if I may, I will just offer the amendment I have read as a substitute for the two provisions, and allow it to remain in that way and to go over, if the Senator desires that it go over.

Mr. SMITH. As an amendment is being prepared which will be agreeable to the new Secretary, I would just ask for this to go over, and we can recur to it.

Mr. McKELLAR. With the understanding that the amendment is offered?

Mr. SMITH. Yes.

The PRESIDING OFFICER. The Senator asks that his amendment go over?

Mr. McKELLAR. That will be entirely satisfactory.

Mr. KING. Mr. President, if I may have the attention of the Senator from South Carolina, he will recall that following the amendment which was offered by the Senator from Tennessee when the so-called "Smith cotton bill" was under consideration at the last session of Congress, I offered an amendment which was adopted without any opposition. If I may read it, I shall offer the amendment now and ask that it be accorded the same treatment as that accorded to the amendment just offered by the Senator from Tennessee.

Mr. President, I offer the following amendment, to follow the amendment just offered by the Senator from Tennessee, to be marked "(c)":

That in making such settlements the Farm Board shall, before allowing any credits to any organization or subsidiary to which it has loaned money, obtain a transfer of all assets of every kind, character, and description owned, held, or possessed by it, and the value of such assets so transferred may by said Farm Board be credited upon any amount due it from said debtor organization or subsidiary.

Mr. SMITH. Mr. President, may I state, in that connection, that the cooperative organizations, through authority granted them by the Farm Board, were placed in almost exactly the same relation to the Farm Board which the stabilization corporation bore, to wit, they were authorized to pay within 10 percent of the market value of cotton which they financed. In other words, the Farm Board

advanced them 90 percent of the market value of the cotton, they assuming, naturally, the chance of loss or gain. The cotton was predicated on that basis. Loss was sustained, because at that time the members of the cooperative organizations, which the bill was then, and the administration is now, seeking to build up, were given every opportunity to benefit by cooperative action. The cotton was very low. They were then offered, as I said a moment ago, within 90 percent of the market price. Each member could at that time, had he so desired, have gotten more for it than he subsequently could have gotten. But the Farm Board advanced this money to these cooperatives, just as it did to the stabilization corporation, for the purpose of aiding, as far as the cotton held by the cooperatives was concerned, in stabilizing the market, in conjunction with the cotton which the stabilization corporation was holding. All of that was done in the hope that, by holding that amount of cotton from the market, and advancing within 10 percent of its market value, benefit would result to the cotton grower, especially to the cooperative, in an advanced crop.

The depression kept on, not alone because of the action of the cooperatives or the stabilization corporation but the same influences which have practically ruined the market price of every commodity of America. They suffered a loss. Now the cooperatives are asking the Farm Board to extend to them the same legal status—they certainly have the same moral status—in reference to the money loaned them, to hold this cotton, that was extended to the stabilization corporation. Therefore they are attempting now so to adjust matters as not to put every cooperative out of existence but to settle upon a basis that is equitable and just in view of the facts I have just stated.

It now remains for the Senate to determine whether or not, regardless of what the assets may be, other than the cotton that was hypothecated by the Farm Board and the loan that was extended, we shall go farther than that. I unhesitatingly believe that the money loaned to these cooperatives to hold this cotton for the 3-year period was made by the Farm Board under the same idea and for the same purpose which were behind the loan to the stabilization corporation. All of us know the effect of the depression.

Mr. President, it is a question whether we should take now not only the cotton which is still held as bona fide collateral against the loan made but also to take what other assets they have, and the other property they may have, in settlement of the loss that was sustained in good faith on their part and good faith on the part of the Farm Board. I do not think we are justified in going beyond the terms of settlement proposed, namely, to write off the loss sustained in the amount of money the Farm Board loaned and the amount these private corporations have loaned. The cotton will amply take care of that. So far as the money borrowed from private corporations is concerned, I am informed that the present market price would just about take care of the overhead and the amount, comparatively small, that has been borrowed from private corporations. That is what this amendment undertakes to do.

As a matter of course, if Congress wants to abolish all the cooperatives, to put them out of existence, let them start de novo, it can accept the amendment, take all the assets they have, whether pledged or not, whether even contemplated in this trade or not. If they desire to do that, as a matter of course it is up to Congress to do it. But if they desire to write off the loss that was inevitable, not only have they lost, but the taxpayers throughout the United States have lost, the Government has lost. We cannot balance our Budget. We have not the commodities to be taxed or those which can bear taxes in sufficient quantity to meet the expenditures of our Government without cutting down the salaries of those who are employed by the Government, and the soldiers, and going still farther. We are now, at the expense of the taxpayer, setting up forestry camps and offering so much a month to those who cannot live unless the Government does appropriate the money to sustain them. It is a condition unprecedented, and we should not

deal with it as though it were the result of a sinister and reprehensible purpose on the part of anybody.

Mr. President, I have worked with the cooperatives; I am a member of a cotton cooperative organization. They have made egregious mistakes, and if the present condition of affairs in the United States is to be charged to mistakes, then the Government should be held to its responsibility, for it has made colossal mistakes.

Mr. President, I claim that we should deal justly with the Government and its instrumentalities, looking toward providing aid for the distressed people of the country. The Farm Board in its operations was a failure largely because of conditions over which it and nobody else held any control, and largely because of incompetency and, perhaps, worse. I am not here with any brief for that organization; but I do state that had conditions been normal and the depression had not occurred, the failure of the Farm Board would not, perhaps, have been so egregious.

I claim that the farmers who have banded themselves together in cooperative organizations, under the inspiration and under the protection of the Government, have a right to come here and say, "Here is the commodity that we hypothecated for a loan, and in good faith we have held it for 3 years; the loss has been tremendous so far as cotton is concerned, and now we want to settle; we want to get the Government free of this quantity of cotton, both in the stabilization corporation and in the cooperatives." We went so far in the stabilization corporation, which was more directly the property of the Government, to make a gift to to the Red Cross of practically all the wheat and all the cotton, and to charge it off to profit and loss. Why should we deal differently with these people who in good faith were loaned money by the Farm Board for identically the same purpose for which it was loaned to the stabilization corporation, the difference being that the cooperatives have some other property, while the stabilization corporation has no other property? The direct purpose was, under the inspiration and under the text of the farm loan bill, to buy sufficient quantities of these staple products as, in their judgment, would stabilize the price. They fondly hoped that the purchases would have that result, and so they bought many million bushels of wheat and many million bushels of cotton; but, instead of stabilizing the price, nothing could stand the horrible avalanche of the depression. That was inevitable; and, in consequence, they went down as everything else went down, as the banks went down, as the farmers went down, as the incomes of the people of the United States went down.

Now let us in justice and in statesmanship and fair dealing deal with these people in accordance with the condition in which they find themselves. I think they are entitled to consideration. Every one of them has lost money. There is not a farmer who put his tobacco in a cooperative organization, or his cotton or his wheat, but who lost the difference between what he could have obtained then and what it is worth now; but he loyally and heroically went in and took 90 percent, in the selfish hope, of course, that, with the backing of the Government and the cooperation of enough of those engaged in the business, prices would be reflected to his advantage. They were not and the crash came. Now it is up to the Senate to decide whether or not they will go back on the collateral required by the Farm Board for the money that was advanced on this cotton, or whether they will take all the assets that the cooperatives have and require them to start de novo.

Mr. KING. Mr. President, in my opinion the statement made by the Senator from South Carolina rests upon some assumed facts, the existence of which I do not concede. There was considerable discussion of this subject when the so-called "Smith cotton bill" was before the Senate a few weeks ago. At that time I called attention to some of the testimony appearing in the so-called "Shannon report", which revealed a situation different from that, if I understand my friend, depicted by him.

First, let me read a letter which I received this morning bearing upon this amendment. I may say before doing so

that when the Smith cotton bill was under discussion, after tendering to that bill the amendment which I have now submitted, it was accepted because the Senate believed that it was just and entirely warranted by the facts presented. We had a discussion about it later after the conferees had eliminated the amendment and the bill was sent back to conference, where a compromise measure was agreed upon which in part met the requirements of the amendment which I had offered. The letter in part states:

Within this Smith bill inclusion there is a provision whereby the chairman of the Farm Board and the Secretary of Agriculture may cancel the now \$71,000,000 of debts the cotton cooperatives owe the Farm Board at his discretion.

At the time the Smith bill was originally introduced as a separate proposition it was virtually understood that, without your and Senator McKellar's amendments to the section 2 (b), the Farm Board would cancel the debt and would leave the cooperatives with the profits they have segregated as a result of the operations which caused the debts.

I interpolate at this point that the facts, as I recall them, demonstrated that the so-called cooperative association, known as the A.C.C.A., controlled if not organized by Mr. Creekmore, whose compensation was \$75,000 a year, is the chief beneficiary of the speculations and transactions of the association referred to.

Mr. SMITH. Mr. President, I am sure the Senator wants to be accurate.

Mr. KING. I do.

Mr. SMITH. Mr. Creekmore did not organize a cooperative.

Mr. KING. I did not mean to convey the idea that the cooperatives were organized by Mr. Creekmore, but that the A.C.C. Association was controlled if not organized by him.

Mr. SMITH. I thought the Senator said "cooperative."

Mr. KING. No; the Senator misunderstood me. I repeat that the A.C.C., the cotton association, not the cooperatives to which the Senator refers, was organized largely under the influence of Mr. Creekmore, and this association was and is the instrumentality by which the Farm Board and the Stabilization Corporation were brought into contact with the cooperatives to which my friend refers.

The evidence showed, as I recall, that it is this A.C.C. Association, the Creekmore association, that has profited to the extent of millions of dollars which it is planned to withhold, instead of having the same covered into the treasury of the Farm Board in order to lighten the burden resting upon the American people. After a full explanation of the facts the Senate accepted my amendment and insisted that those assets should be covered into the treasury of the Farm Board and be used for the purpose of diminishing the enormous losses of between three hundred and fifty and four hundred million dollars incurred through the unwise operations of the Farm Board. But to return to the letter:

Therefore, despite the fact that the same wording was used in incorporating the Smith bill into the present emergency bill, insofar as the debt-paying-up section is concerned, these cooperatives, today, secured an additional amendment making it mandatory that the chairman of the board, in settling up their debts, leave them with the capital they have laid aside as a result of the operations causing the debts and, in addition, the chairman should pay all costs, operating charges and other debts in connection with the obligation.

In other words, while they are asking the country to have great faith in the Secretary of Agriculture and the President in allowing such a bill to pass, they are seeing to it that a specific, definite provision is being included to enable them to get their salaries and to salt away the profits which would not have been possible had there been no debt.

The reason for this is, to my mind, not hard to see. If the cooperatives can come into this new picture, following the passage of the emergency bill, with no losses, no entanglements, a nice fat capital plucked out of thin air, they will have no alibis and nothing to explain. They would be in position to point with pride and to urge that all the functions of the bill having to do with leasing land, distribution of benefits, and so on be turned over to this successful, fully capitalized, going concern.

Quite the contrary will be true if this raid is not permitted. They will have to disclose their record of extravagance of speculation and of using every quack method of doing business under the sun.

My thought as to the proper amendment to cover this particular section of the Smith bill would be about—

I have not offered this amendment. I have offered the one which I presented when the Smith bill was under consideration several weeks ago.

This is the amendment suggested by the writer of the letter:

Provided, That in making such settlements with subsidiaries which owe the Farm Board money, against stocks of cotton or other commodities held, or otherwise, application of such profits, margins, brokerages, or capital as were made or set aside as a result of the operations which caused the indebtedness shall be made in partial retirement of the debt, by such subsidiaries.

Mr. President, in brief, but speaking now with rather an indistinct recollection of the facts as they were developed by the Shannon committee and other data which were presented to the Senate directly and indirectly when the Smith bill was under consideration a few of the facts are as follows: The Farm Board used a large part of \$500,000,000 for the purpose of speculating in wheat and cotton. It turned over to a stabilization corporation, which it caused to be organized, a very large sum, more than a hundred or a hundred and fifty million dollars for speculation in cotton. The stabilization corporation caused to be organized the A.C.C.A. with the high-salaried Mr. Creekmore at the head, and, acting, of course, under the direction of the Farm Board or with its connivance and approval and the connivance and approval of the Stabilization Corporation, the A.C.C.A. formed contacts with the cooperatives in the South.

I may say in passing, and by way of parenthesis, that my understanding is that most of such cooperatives are bankrupt, but the A.C.C.A. of Mr. Creekmore purchased from these so-called "cooperatives" large quantities of cotton at prices considerably in excess of the market price, with the understanding that if a larger sum could be finally obtained, the cooperatives were to receive an additional price for the cotton. Of course, with the speculation that was going on and the faulty and unsound policies and methods of the Farm Board and its ancillary organizations, cotton was bound to go down, as it did go down.

The A.C.C.A., through its speculations, through the operations to which I have so imperfectly referred, made considerable money, and now has assets of considerable value, which I am seeking to have recaptured and in the settlement not to transfer them to the A.C.C.A. or any of the cooperatives if they claim an interest therein. These assets should be covered into the Treasury of the United States in order that the enormous losses, amounting to tens of millions of dollars, resulting from the unsound and unwise policies and practices of the Farm Board and its agencies may be used in diminishing the burdens placed upon the taxpayers by reason of such losses.

Mr. McKellar. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. I yield.

Mr. McKellar. I think the Senator made a mistake about the losses on cotton. My recollection is that the figures relative to cotton showed losses of \$71,000,000. The remainder on other products, but \$71,000,000 was on cotton.

Mr. KING. The Senator is in error. It was \$63,000,000 in one department, if I may use that expression, and \$83,000,000 in another. When we come to consider the motion which I have submitted I shall be glad to elaborate on the matter. I ask that the amendment may go over in pursuance of the understanding which was reached a few moments ago.

The PRESIDING OFFICER. The amendment will be passed over.

Mr. Fletcher. Mr. President, I should like to have the privilege at this point of having printed in the RECORD a communication on this subject from Mrs. Gertrude Mathews Shelby, of New York, who has taken a great interest in cooperative banking, and so forth.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

NATIONAL COMMITTEE FOR COOPERATIVE BANKS,
New York, April 7, 1933.

Senator DUNCAN U. FLETCHER,

Senate Office Building, Washington, D.C.

DEAR SENATOR FLETCHER: Approving of the refinancing features of the administration's farm mortgage bill and also the voluntary liquidation of the joint-stock land banks, I am compelled, for basic reasons, to register protest against the features of the measure which affect the Federal land banks.

Cooperative ownership of this mortgage system is a farce without actual cooperative management and determination of all policies. Therefore, in view of proven dangers, I recommend that appropriate steps be taken now to put the land banks on the same basis of Government ownership as the intermediate-credit banks.

In my opinion, the administration itself should sponsor amendments to the farm mortgage bill or the Farm Loan Act itself providing for the purchase by the Government of outstanding land-bank stock.

Not a penny in cash is needed for this transaction. The amount of each farmer-borrower's stock can be credited against his amortization and interest payments. If the borrower is in arrears, this relief will, by a mere bookkeeping transaction, turn his stock into a realizable asset, automatic extension of the time he has to save his farm from foreclosure. If the borrower is not in arrears, he has proved himself the sort of farmer who deserves a boost in depression.

Recapitalization of the 12 land banks may be authorized by slight amendment to title I, section 1, relating to the proposed bond issue, or by recourse to Reconstruction Finance funds.

The present proposal is palpably unjust to the present and future farmer-stockholders of the system. To loan upon them cooperative liabilities when they lack actual control is inequitable. The management of the system is vested in the Farm Loan Commissioner, responsible to Congress, not to the actual owners. Land-bank presidents have never been representative of the minority of the land-bank boards who are stockholders, and these presidents are in turn accountable to the Commissioner, whose policies they carry out. Divided responsibility of the system is, I believe, a major cause of large loss.

The semipublic character of this system has in the past prevented the monthly routine Treasury Department audit of farm-loan accounts. Because the system was "privately owned", Congress, while availing itself of its political patronage, has seldom exerted corrective influence regarding its fiscal policy or management.

The Government itself is actually responsible for present losses and likewise for future losses, if any. While farm-loan associations might still be required to endorse all applications for loans, the Government should, I urge, relieve them from the intolerable position in which stockholders and associations have been placed; i.e., it should purchase all outstanding stock. Otherwise, sooner or later, farmers are more than likely to find themselves the victims of attempted Federal relief.

Sincerely,

GERTRUDE MATHEWS SHELBY,
Executive Secretary.

Mr. McNARY. Mr. President, was the amendment on page 3 passed over by unanimous consent?

Mr. SMITH. Yes; the amendment at the bottom of page 3 went over.

Mr. McNARY. Both of the amendments there?

Mr. SMITH. Yes; both of them went over.

Mr. McKELLAR. There was a substitute offered for each of them.

Mr. SMITH. They were passed over and will be taken up later.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment of the Committee on Agriculture and Forestry was, on page 6, line 12, to strike out the heading "Title II—Agricultural adjustment provisions", and insert "Part 2—Commodity benefits."

The amendment was agreed to.

The next amendment was, on page 6, line 22, after the word "therewith", to insert "or upon that part of the production of any basic agricultural commodity required for domestic consumption", so as to read:

GENERAL POWERS

SEC. 8. In order to effectuate the declared policy, the Secretary of Agriculture shall have power—

(1) To provide for reduction in the acreage or reduction in the production for market, or both, of any basic agricultural commodity, through agreements with producers or by other voluntary methods, and to provide for rental or benefit payments in connection therewith or upon that part of the production of any basic agricultural commodity required for domestic consumption, in such amounts as the Secretary deems fair and reasonable, to be paid out of any moneys available for such payments.

Mr. McNARY. Mr. President, is that the amendment on page 6, lines 22, 23, and 24?

Mr. SMITH. Yes.

Mr. McNARY. That reduces the domestic-allotment benefits?

Mr. SMITH. Yes.

Mr. KING. Mr. President, I think I desire to offer an amendment to the committee amendment, but I have not had time to perfect it. I have no objection to the amendment's being adopted, if that is the will of the Senate, with the understanding that we may recur to it if I shall conclude later to offer my amendment to the committee amendment.

Mr. SMITH. My understanding is that after committee amendments have been considered, then other amendments can be offered from the floor.

Mr. KING. The Senator would have no objection then?

Mr. SMITH. No.

The PRESIDING OFFICER. Without objection, the amendment of the committee is agreed to.

The next amendment of the Committee on Agriculture and Forestry was, on page 7, line 4, after the word "and", to strike out "other agencies" and insert "others"; and in line 13, after the word "agreements", to strike out "and shall bear interest at a rate not in excess of 3 per centum per annum", so as to read:

(2) To enter into marketing agreements with processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce of any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties. For the purpose of carrying out any such agreement the parties thereto shall be eligible for loans from the Reconstruction Finance Corporation under section 5 of the Reconstruction Finance Corporation Act. Such loans shall not be in excess of such amounts as may be authorized by the agreements.

The amendment was agreed to.

The next amendment was, on page 7, line 16, after the word "and", to strike out "other agencies" and insert "others"; in line 19, after the word "competing", to strike out "agricultural"; on page 8, line 5, after the word "thereof" and the period, to insert "Any order of the Secretary suspending or revoking any such license shall be final if in accordance with law"; and in line 7, after the word "Any", to strike out "agency" and insert "such person", so as to read:

(3) To issue licenses permitting processors, associations of producers, and others to engage in the handling, in the current of interstate or foreign commerce, of any basic agricultural commodity or product thereof, or any competing commodity or product thereof. Such licenses shall be subject to such terms and conditions, not in conflict with existing acts of Congress or regulations pursuant thereto, as may be necessary to eliminate unfair practices or charges that prevent or tend to prevent the effectuation of the declared policy and the restoration of normal economic conditions in the marketing of such commodities or products and the financing thereof. The Secretary of Agriculture may suspend or revoke any such license, after due notice and opportunity for hearing, for violations of the terms or conditions thereof. Any order of the Secretary suspending or revoking any such license shall be final if in accordance with law. Any such person engaged in such handling without a license as required by the Secretary under this section shall be subject to a fine of not more than \$1,000 for each day during which the violation continues.

Mr. FESS. Mr. President, I should like to ask the Senator from South Carolina a question with reference to the amendment just adopted in line 19, page 7, to strike out the word "agriculture." Why was the amendment proposed?

Mr. SMITH. It was brought to the attention of the committee that other commodities, those synthetically produced, might be used in place of agricultural commodities and thereby decrease the consumption of agricultural commodities.

Mr. FESS. By striking out the word "agriculture" the scope of the application of the language is increased?

Mr. SMITH. That is correct.

The PRESIDING OFFICER. Without objection, the amendment of the committee is agreed to.

The next amendment of the Committee on Agriculture and Forestry was, on page 8, line 17, after the word "of", to strike out "This act" and insert "part 2 of this title", so as to read:

(4) To require any licensee under this section to furnish such reports as to quantities of agricultural commodities or products thereof bought and sold and the prices thereof, and as to trade practices and charges, and to keep such systems of accounts as may be necessary for the purpose of part 2 of this title.

The amendment was agreed to.

The next amendment was, under the subhead "Processing Tax", on page 8, after line 18, to strike out:

SEC. 9. (a) To raise revenues for the payment of extraordinary expenses incurred by reason of the national economic emergency there shall be levied, assessed, and collected during the marketing period (as ascertained and prescribed by regulations of the Secretary of Agriculture) for any basic agricultural commodity with respect to which rental or benefit payments are made under this act, in connection with reductions in the acreage of the crop, or in the production for market during such period a tax to be paid by the processor on the first domestic processing of the commodity, whether of domestic production or imported. Such tax shall, except as hereinafter provided, equal the difference between the current average farm price for the commodity and the fair exchange value of the commodity. Such value for any commodity shall be the price therefor which will give the commodity the same purchasing power, with respect to articles farmers buy, as during the pre-war period, August 1909-July 1914. The current average farm price and the fair exchange value shall be ascertained by the Secretary of Agriculture from available statistics of the Department of Agriculture.

(b) If the Secretary of Agriculture, after investigation and due notice and opportunity for hearing to interested parties, finds at any time that the imposition of the tax at the rate hereinbefore provided has resulted or is likely to result in a substantial reduction in the quantity of the commodity or products thereof domestically consumed, he shall fix such lower rate as is necessary to maintain or restore such domestic consumption. Such rate may be revised from time to time pursuant to further findings under this subsection. In making any such finding the Secretary shall give due consideration to the following factors among others:

(1) Reports as to wage scales, employment, and unemployment in urban regions.

(2) Changes in the consumption of the agricultural commodity and of other commodities.

(3) Evidence derived from statistical studies of supply and demand for previous periods, which indicate the change in consumption of the commodity which would normally occur in consequence of a particular change in the cost to processors or consumers.

(4) Other relevant data as to changes in the cost of living of consumers, consumers' buying habits, and current and prospective conditions in industry pertinent to determining the probable effective demand for the commodity.

And in lieu thereof to insert:

SEC. 9. (a) To obtain revenue for extraordinary expenses incurred by reason of the existing national economic emergency, including expenditures for rental and benefit payments and administrative expenses under this title, there shall be levied processing taxes as hereinafter provided. The processing tax with respect to any basic agricultural commodity shall commence on the date of proclamation by the Secretary of Agriculture that rental or benefit payments are to be made with respect to such commodity. The processing tax shall be levied, assessed, and collected upon the first domestic processing of the commodity, whether of domestic production or imported, and shall be paid by the processor. The rate of tax shall conform to the requirements of subsection (b). Such rate shall be determined by the Secretary of Agriculture as of the date the tax first takes effect, and the rate so determined shall, at such intervals as the Secretary finds necessary to effectuate the declared policy, be adjusted by him to conform to such requirements. The processing tax shall terminate at the end of the marketing year current at the time the Secretary proclaims that rental or benefit payments are to be discontinued with respect to such commodity. The marketing year for each commodity shall be ascertained and prescribed by regulations of the Secretary of Agriculture.

(b) The processing tax shall be at such rate as equals the difference between the current average farm price for the commodity and the fair exchange value of the commodity, except that if the Secretary has reason to believe that the tax at such rate will cause such reduction in the quantity of the commodity or products thereof domestically consumed as to result in the accumulation of surplus stocks of the commodity or products thereof or in the depression of the farm price of the commodity, then he shall cause an appropriate investigation to be made and afford due notice and opportunity for hearing to interested parties. If thereupon the Secretary finds that such result will occur, then the processing tax shall be at such rate as will prevent such accumulation of surplus stocks and depression of the farm price of the commodity.

(c) For the purposes of part 2 of this title, the fair exchange value of a commodity shall be the price therefor that will give the commodity the same purchasing power, with respect to articles farmers buy, as such commodity had during the base period specified in section 2; and the current average farm price and the fair exchange value shall be ascertained by the Secretary of Agriculture from available statistics of the Department of Agriculture.

(d) As used in part 2 of this title—

(1) In case of wheat, rice, and corn, the term "processing" means the milling or other processing (except cleaning and dry-

ing) of wheat, rice, or corn for market, including custom milling for toll as well as commercial milling, but shall not include the grinding or cracking thereof not in the form of flour for feed purposes only.

(2) In case of cotton, the term "processing" means the spinning, manufacturing, or other processing (except ginning) of cotton; and the term "cotton" shall not include cotton linters.

(3) In case of tobacco, the term "processing" means the manufacturing or other processing (except drying) of tobacco.

(4) In case of hogs, the term "processing" means the slaughter of hogs for market.

(5) In the case of any other commodity, the term "processing" means any manufacturing or other processing involving a change in the form of the commodity or its preparation for market, as defined by regulations of the Secretary of Agriculture; and in prescribing such regulations the Secretary shall give due weight to the customs of the industry.

Mr. ADAMS. Mr. President, I want to make an inquiry of the Senator from South Carolina in reference to the first line of section 9. It seems to leave the money raised by this tax to be applicable not only to the purposes of the bill but to any extraordinary expenses due to the national economic emergency. In other words, moneys raised through the processing tax apparently could be applied to reforestation or any other extraordinary expenses. I am wondering why that wide authority is given.

Mr. SMITH. Mr. President, I have no explanation to give other than that it was stated by those who drafted the bill and presented it to the Congress that these taxes were to be devoted entirely to the purposes of the bill. However, I think that further on in the text there is more specific language in reference to the disposition and use of the taxes.

Mr. ROBINSON of Arkansas. Mr. President, if the Senator from South Carolina will pardon me, I think that if there is any question about the purpose to limit the use of the funds acquired under the bill to the purposes of the bill, it could be very easily restricted in that way by a slight modification which would eliminate the words to which the Senator from Colorado [Mr. ADAMS] has referred. It is my understanding, I will say to the Senator from South Carolina, that there is no intention to raise funds by a processing tax to be used for purposes outside the provisions of the bill.

Mr. SMITH. May I invite the Senator's attention to the fact that in the declaration of policy it is asserted to be the purpose of the bill so to collect these funds as to give a bonus or raise the price of the commodities thus taxed to the parity that existed during the base period. It is also provided that when this result shall have been attained, then no further tax shall be applied, so that without any specific language devoting the tax to specific purposes, I think in the declaration of policy, and also in the limitation of the time that the tax may be applied, it is clearly inferable that that is the purpose of the bill.

Mr. ROBINSON of Arkansas. By striking out the words "by reason of the existing national economic emergency" and inserting in lieu thereof "under this title", the object which the Senator from Colorado has in mind would be accomplished. I do not see any objection to doing that. I would suggest, on page 10, line 15, to strike out the words "by reason of the existing national economic emergency" and insert the words "under this title." The object of the language was to explain the imposition of the tax.

Mr. ADAMS. As it is a tax on consumers, it ought to be limited, as the Senator from Arkansas has suggested, so that by no possible chance it could be devoted to any other purpose.

Mr. SMITH. Let me read it, Mr. President, as it would then appear:

To obtain revenue for extraordinary expenses incurred under this title, including expenditures for rental and benefit payments and administrative expenses under this title, there shall be levied processing taxes as hereinafter provided.

That would strike out the words "by reason of the existing national economic emergency." I will accept the suggestion of the Senator from Arkansas.

Mr. McNARY. Mr. President, in the text of the bill as passed by the House, subdivision (b), on page 9, came to the Senate Committee on Agriculture and Forestry.

Before the committee I urged the lack of wisdom of this subdivision. If that subdivision is carried into the statute, I think it will prevent all future dealings in the commercial avenues of trade that are now found profitable to the grower and to the dealer. It certainly would interfere if not wholly dispense with trading in futures. That provision, after consideration by the committee for more than a day, went out by a vote.

The substitute which is found on page 11, subdivision (b), in my opinion, contains all the vices that are contained in the provision stricken out.

After the committee struck that provision out of the bill this language was prepared by the able leader of the majority, I think in collaboration with the Secretary of Agriculture. Some of the specifications on page 10 that were found offensive were eliminated; but I predict that that language, in the form in which it is now presented by the committee, renders the price level of all commodities so uncertain, it places in the hands of the Secretary of Agriculture such tremendous arbitrary power to decrease prices, that it will prevent dealing in the customary channels of trade as now recognized by the business world. In other words, if the Secretary of Agriculture, under that provision, after an investigation and due notice—which, in my opinion, means nothing—should determine that surplus stocks are accumulating by virtue of an increased or enhanced price level, he may arbitrarily, by his own edict, lower that price level.

I find no comfort in the language that it will be after due hearing to the interested parties. I know that is a legal phrase—"due notice * * * to interested parties." That is all right in a partition suit in equity. It is all right in an injunction proceeding, or in the foreclosure of a mortgage, where the parties are limited in number and are accessible. But suppose we find that in increasing the price of wheat to the parity price in the base period of 1909 it is necessary to add 40 cents a bushel to wheat in order to give the farmer the benefit contemplated by this allotment provision, and stocks of flour and wheat should accumulate, bread sales were not as plentiful as formerly, and people were denying themselves the products of wheat—under this provision the Secretary of Agriculture, in order to prevent the further accumulation of these surpluses so that wheat and flour would move in their normal channels, could arbitrarily reduce the price of wheat 10 cents or 20 cents a bushel. When I say that I mean he could do it through the processing tax, which is intimately associated with the amount the consumer must pay for his wheat or flour.

The bill provides that that may be done after "due notice and opportunity for hearing." There are 2,200,000 farmers engaged in growing wheat in this country. There are four and a half million farmers engaged in growing the products that are enumerated and specified in this bill. How could we operate intelligently, Mr. President, by notifying this vast number of people that the price level of their product is going to be decreased or increased? It is perfectly impossible. It is unthinkable. It is impracticable.

The vice of that, Mr. President, is that if the miller wants to buy a million bushels of wheat for the purpose of hedging; if he wants to deal in futures to the extent of 10,000,000 bushels, which is a matter of insurance to him; if the exporter wants to sell millions of bushels to Europe or to the Orient, and he knows that in the very bill dealing with this subject matter the Secretary of Agriculture, upon his own edict, may change the price of wheat or any other commodity, he certainly would not take a chance on buying wheat at one price today and selling it at another price tomorrow. It is peculiarly so with respect to corn, cotton, and hogs.

For that reason, Mr. President, after due reflection, the committee struck out that language upon a motion that I made. Later on, the new amendment which is now in the bill as a substitute appeared. It omits some of the specifications set forth on page 10, but in its very folds, in its very bosom, it contains all of the vices set forth in the

original proposition which was voted out by the Senate committee.

Mr. LONG. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. LONG. This means that the processing tax, as a whole, will be stricken out, does it? If not, what does it mean?

Mr. McNARY. The processing tax, as the Senator knows, is the difference between the average current value and the buying power of the farmers' commodity in the base period 1909 to 1914. As to hogs, it would be 7½ cents a pound; as to wheat, it would be 94 cents a bushel; as to cotton, it would be about 11½ cents a pound. If that price is fixed, which is done by this bill, and the Secretary of Agriculture, after investigation, determines that stocks are accumulating because of the enhanced value of the production, which brings about a diminution in the consumption, he then can decrease the tax on the product so that it will come to the consumer at a lower rate, so that stocks will not further pile up.

There is this virtue about it: Everything has some decent aspects when we look at it fairly. The whole thought back of this proposition in the bill is that it may protect the consumer from paying an inordinate price for the product which he buys. Let me use the illustration of hogs. The price during the base period, plus the current average price, will bring hogs to 7½ cents a pound—a pretty fair price for hogs. Pork is the poor man's meat. If it is increased, as it is, by 100 percent, and the Secretary of Agriculture finds that the carcasses of hogs are accumulating in the packers' warehouses, that lard is not moving, that only the byproducts which go into chemicals and cosmetics are being used, he then can reduce, after due notice and investigation, the tax on hogs—which we may call the sales tax or the processing tax—and bring the price down to 5½ cents.

I am a hog buyer. I am a feeder and a buyer. I am not going to pay 7½ cents a pound for 10,000 hogs when I know that the Secretary in 30 days can decrease that price to 5½ cents.

The only reason why that is in the bill is to protect the consumer; but in protecting the consumer to that extent, in my opinion, we are going to dry up the channels of commerce. As one who is not fighting this bill, as one who is wholly desirous of getting as good a bill as possible, from an earnest conviction from studying the problem for a number of years, I think it is a mistake to carry this provision in the bill.

Mr. LONG. Mr. President, as I understand, then, the Senator is trying to strike out this provision.

Mr. McNARY. May I say to my friend from Louisiana that I am not moving to strike it out. I am just pointing out that that which was stricken out contained the vices which now I am inveighing against. That which has been substituted, in my opinion, contains the same vices and ills, and I am sorry to see it in the bill. At the proper time I probably shall move to eliminate it from the bill.

Mr. ROBINSON of Arkansas. Mr. President, the question raised by the Senator from Oregon relates to one of the controversial provisions of the bill. It unquestionably presents difficulties that demand and require consideration.

Let me point out the fact that to authorize the imposition of a tax, with no power to change that tax, might result in making the practical results of the measure scarcely worth while.

I agree that there ought not to be such flexibility as will enable the Secretary of Agriculture to make arbitrary changes—changes that would interfere with the trade—but if the facts set up in this subsection appear to be true, the continued imposition of the tax without change would work harm not only to the consumer but to the farmer himself. The object of the provision is to protect both the consumer and the farmer.

Conceivably, a tax in the beginning might be made so high that stocks would greatly accumulate, with the result

that prices, instead of rising, would be depressed. If that were true, harm would result to both consumer and producer, and there ought to be the power to make a change.

Mr. NORBECK. Mr. President—

Mr. ROBINSON of Arkansas. I yield to the Senator from South Dakota.

Mr. NORBECK. The point the Senator is making is that if the officials of the Government find they have made a mistake, they should have the power to correct it?

Mr. ROBINSON of Arkansas. Why, certainly.

Mr. NORBECK. I agree with the Senator.

Mr. ROBINSON of Arkansas. I thank the Senator. He has stated the matter in just a few words. For instance, the Secretary of Agriculture might make a mistake. There are some here who think that he will. If he does make a mistake, and the mistake is proving detrimental to the successful operation of the bill, he ought to have the power to correct his mistake and put into effect a different rate. Experience might show, or changed conditions might indicate, necessity for a change.

Mr. McKELLAR. Mr. President—

Mr. ROBINSON of Arkansas. I yield to the Senator from Tennessee.

Mr. McKELLAR. Certainly it will not be said by anyone that the Secretary of Agriculture would intentionally try to depress the price of any farm commodity against the interest of the farmer.

Mr. ROBINSON of Arkansas. This section, as the Senator from Oregon has stated, has received protracted consideration by committees and students of the subject. As he has said, I myself drafted a provision to which there was no objection save that it did not give that flexibility that is believed to be necessary.

I think it is going to be found that if we really desire to make this act accomplish its purpose, if we wish to leave it so that those who are to administer it are to have the power to do what it is intended the act shall do, we must of necessity retain this or some similar provision.

Mr. McNARY. Mr. President, may I ask the Senator from Arkansas a question? The point that I was attempting to make was this: I appreciate why the provision is there, of course. It is to cure any mistakes that may have been made in estimating the value of the product. Does not the Senator realize, however, the merit in the statement I made that it makes the price level so uncertain as probably greatly to interfere with the dealing in the ordinary channels of commerce? Does not the Senator entertain that fear?

Mr. ROBINSON of Arkansas. No; I do not think that would result. Of course, there is a measure of uncertainty about the price level. That is one of the difficulties to which the bill is directed; but I think it is essential that some power be vested in the administrator to revise the tax. I do not think it should be done arbitrarily or recklessly, but only in the case set forth in the bill could it be done; that is, where the effect of the tax is to accumulate stocks in such an amount as to result in depressing rather than raising the price. Then certainly all of us who believe in legislation of this character, or in any legislation designed to aid agricultural commodity prices, ought to be willing to give him the power to make the change.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. LA FOLLETTE. I merely want to suggest that the price level could not be any more uncertain under this provision than it has been during the last 3½ years.

Mr. ROBINSON of Arkansas. The Senator has expressed my thought very accurately.

Mr. BANKHEAD. Mr. President, it is true, as has been stated, that this provision had very careful consideration in the committee. It is also true, as has also been stated by the Senator from Oregon, that at one time in the consideration of the bill in the committee, by a divided vote the original provision was stricken from the bill. Subsequently that provision was rewritten, and was rewritten in accordance with

the views of the department entrusted with the administration of the measure, prepared by the draftsmen cooperating for that purpose.

We all recognize that there is some strength in the argument of the Senator from Oregon about the uncertainty which may follow a possible change in the amount of the tax. That, however, is to be done after notice and due consideration, and is not likely to happen with any degree of frequency.

Let me point out the effect of the operation of this plan if no flexibility is provided in the matter of the amount of the tax to be collected. So that there may be no misunderstanding on the point, it is well, perhaps, to bear in mind the fact that the tax may be collected for at least two separate purposes. There are at least two methods authorized and contemplated. One may be used for one commodity, and another for another, and under each money will be required. One includes the rental idea, the renting of land for the purpose of bringing about a reduction in production and the removal of excess surpluses of particular commodities which are bearing down so heavily upon the prices of those commodities. That is true particularly with reference to both wheat and cotton. There is in this country a carry-over of cotton now of approximately nine and one half million bales, with a consumption last year of less than 5,000,000 bales.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. LONG. Do I get the idea that the Secretary of Agriculture thinks that by decreasing this margin of the process tax he is going to diminish the crop? Has he that kind of an idea in his head?

Mr. BANKHEAD. The Senator will have to talk with the Secretary about the ideas he has in his head.

Mr. LONG. I thought the Senator was explaining it.

Mr. BANKHEAD. I am not explaining his ideas. I am explaining the plans that are permissible under the bill, and the reasons why those different methods are included in the bill.

Mr. LONG. I understand, though—and I would like to be informed if I am incorrect—that, for instance, there would be a difference, we will say, of 11 cents a pound in cotton. They figure that if cotton begins to grow too fast for them, they will cut down the margin, and that will slacken the crop. If the Secretary has any idea in his head like that, he has a lot to learn.

Mr. BANKHEAD. I am unable to understand how the Senator from Louisiana has ever conceived a thought of that sort from anything I have said.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. ROBINSON of Arkansas. The Senator from Louisiana misinterpreted the idea underlying this provision. The provision is that if the tax proves so high as that people will not consume large surplus stocks piled up, and the price is, therefore, depressed, then there can be a readjustment.

I will give an illustration. Suppose, for the sake of illustration, a tax of 20 cents a pound were put on cotton, and the price were raised to, say, 30 cents. All this is merely by way of illustration. Instead of buying our cotton, let us suppose that cotton from other countries were consumed, and substitutes for cotton were resorted to, and, instead of reducing the surplus of cotton, it had the effect of piling up a larger surplus, and instead of raising the price it had the effect of depressing the price. Then the Secretary would have the right to change the rate.

Mr. LONG. Mr. President, I simply want to remark, if the Senator from Alabama will yield, that even with the explanation made by the Senator from Arkansas, we are all then to learn something, if that is what they think they are going to do with this bill. They are going to learn a lot.

Mr. BANKHEAD. Mr. President, with reference to the necessity for flexibility in the size of the tax, it is apparently

the construction of the Senator from Oregon—and probably he is right—that when the amount of the tax has been once fixed, it is then unchangeable, and he does not want it changeable. His theory is that when once fixed, the producers must forever, as long as it operates, settle at the same amount, to avoid the uncertainty in trade. Let us view the results of that. Of course, under that construction and that application, it would be necessary in the first instance to fix the tax at an amount which would bring about, in a matter of benefit to the producers of these commodities, a parity of price. Suppose we get the tax too high, as has been indicated by the Senator from Arkansas. Suppose we get the tax higher than is necessary to produce the benefits desired, or, on the other hand, suppose we fix it so high that we depress and reduce the volume of consumption, so that there would not then be as much of the commodity processed, and not as much of the commodity sold. That situation would bear down upon the consumers in a way that is not contemplated.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. ADAMS. I gathered from the remark a moment ago that it seemed to be thought that the price once fixed would have to continue.

Mr. BANKHEAD. That is what the Senator from Oregon insists.

Mr. ADAMS. Does not subsection (a) provide that such rates shall be determined by the Secretary of Agriculture as of the date the tax first takes effect, and the rate so determined shall at such intervals the Secretary finds necessary to effectuate the declared policy be adjusted by him to conform to such requirements?

Mr. BANKHEAD. Exactly, but that was in the rewritten section, and not in the section as it originally stood, and it was stricken out on motion of the Senator from Oregon.

Mr. ADAMS. It is in the committee amendment.

Mr. BANKHEAD. It is in the committee amendment, yes; and that is the thing to which he objects, and that is the principal subject of controversy here now, as to whether or not there should be any authorization here for a change in the rate after it has once been fixed.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

Mr. BANKHEAD. I yield.

Mr. ROBINSON of Arkansas. If the fair-exchange value is to be accepted as the basis, it is necessary to have some provision which will permit a change in the rate under reasonable conditions. Otherwise there could be no assurance that the fair-exchange value would be maintained.

Mr. BANKHEAD. That is true, Mr. President, and for another reason. As I indicated in the beginning, there are two ways by which this tax may be used. One is under the so-called allotment plan, for the payment of benefits to producers upon their domestic consumption; that is, the proportion estimated for domestic consumption. If we fix the tax at an amount that is now necessary—for instance, 50 cents, we will say, assuming the present price of wheat to the farmer to be 40—then if before the benefits are paid, before the time for settlement arrives, the price of wheat has gone up, that reduces the amount of the benefit certificates, because the whole purpose of the plan is to create a price to the farmer which will give his commodities a purchasing power equivalent to the purchasing power of industrial commodities. So that if there is a change in the market price of the commodity there will be a fluctuation, of necessity, in the amount paid per unit of the commodity covered by the allotment plan. If, then, there is a tax that is unchangeable—say, at 50 cents—and we do not need it to pay the benefits in order to keep the parity, then we are collecting unnecessarily a tax which is a burden upon the consumer and serves no useful purpose. Therefore, I submit that it is absolutely essential in the administration of this plan to permit from time to time, as the result of either an error or a mistake or a miscalculation in the original ascertainment of the amount of the tax, a correction of such

error or a change to meet a readjustment of the market price of the commodity covered by the allotment.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. McCARRAN. I respectfully ask the Senator who has the floor, or the chairman of the committee, whether or not the provision now being discussed runs in conformity with the established rule of law which we have recognized from time immemorial, the law of supply and demand?

Mr. BANKHEAD. Mr. President, while the inquiry of the distinguished Senator is not applicable at this point in the discussion, I have no hesitation in saying that the chief purpose of this bill is to give a proper application to the law of supply and demand. Unfortunately, too many people are under the impression that nature, as it has been expressed, should be permitted to take its course, that all that the farmers can produce by 16 hours' labor a day should be produced, and then let whatever effective demand there is take care of that character of a supply. The true law of supply and demand, to be effective for those who make the supply, is that the supply should be limited to the amount for which there is an effective paying demand for the supply furnished.

Mr. McCARRAN. Mr. President, will the Senator yield further?

Mr. BANKHEAD. Let me answer the Senator's inquiry. The theory of this bill is that under it there will be brought about an efficient operation of the law of supply and demand. The two plans contemplated by it—the allotment plan and the renting plan—both have for their purpose a reduction in the supply, a reduction in the surpluses which are hanging over the market and which are disturbing, destroying, and absolutely neutralizing the proper application of the law of supply and demand.

Mr. McCARRAN. Mr. President, will the Senator yield to me?

Mr. BANKHEAD. I yield to the Senator.

Mr. McCARRAN. Will the Senator kindly explain what he means by the term "a paying demand"? I address my question again to both the Senator from Alabama and to the chairman of the committee.

Mr. BANKHEAD. I have the floor. The Senator may address the chairman of the committee when he sees fit, but any question he wants to propound to me I am ready to try to answer.

Mr. McCARRAN. I should like to ask if the chairman of the committee concurs in the last answer given by the Senator from Alabama?

Mr. BANKHEAD. I think that is entirely inappropriate. I have the floor, and there is no occasion for involving in this controversy some other Senator who is not now presenting his views.

As I stated, the granting of permission or authority to make a change, when conditions demand, in the amount of the tax is the only practicable way, Mr. President, under which this bill may be operated. It is absurd to take the position, if a mistake in the calculation of the amount of the money necessary to pay the benefits on the proportion allotted for domestic consumption is too high or too low, that either, in the one instance, the consumer must be made to suffer, or, in the other, that the taxpayer must bear the burden. The flexibility is provided in one instance for the protection of the consumer when the burden is too oppressive and it so develops. It is provided in the other for the benefit of the Treasury, if the Secretary of Agriculture has made a mistake in his calculation. If the amount of the tax is not sufficient to pay the allotment or to pay the rental, then, as a common sense, practical, business proposition, I submit that it is not only the right thing to do but is the necessary thing to do to authorize the Secretary to correct any miscalculation that has been made, to the end that the real purpose of the bill may be carried out, rather than that it shall be directed in some way not contemplated and not intended.

As I have stated, there are two ways in which the money is to be used: One is the allotment plan, which I have mentioned. The other is for the renting of land, to take it out of production, in order to reduce the very great surplus of certain of the basic agricultural commodities.

The money to pay the rentals is to be collected by this processing tax. The rentals are to be made within the course of the next 2 or 3 weeks. At present it is not known with certainty and definiteness how many acres of cotton land or of wheat land or of other lands involved may be leased. It is not known—and cannot now be known with mathematical precision—the amount of money that will be required to pay the rentals. Is it not the sensible thing—the practical thing—to permit a readjustment in order to conform the collection with the necessary outgo under the plan? So the purpose of this whole provision, Mr. President, is to correct mistakes. It is to prevent oppression and undue burden upon consumers in case the tax, even though calculated right, proves to be too burdensome under the purchasing power that may exist during the months to come.

All the phases of this bill, Mr. President, depend really upon sympathetic administration; they all depend upon the real desire of the Secretary of Agriculture, in accordance with the advice and information that he may obtain from time to time, to put into operation this plan for the benefit primarily of suffering agriculture; but also to do it in a way sympathetic to and considerate of other interests involved, including the processors, wherever a tax is to be levied; and beyond that, Mr. President, whether there may be involved an uncertainty in trade or not, whether or not there may be a delay in the accumulation of stocks—beyond all such considerations, it is clear that this bill is to be put in operation sympathetically and with great consideration for the suffering consumers of the country.

It is not intended as a one-sided program, purely for agriculture, though the interest of the producers is paramount above all other considerations under the bill; the restoration of purchasing power to that class of people is to many of us paramount in attempting to bring about a change in our unfortunate economic situation. So that we must concede, in the first place, that the interest of agriculture has first consideration in the drafting of the bill and in its administration, whatever theoretical or practical suggestions may arise in the minds of men who earnestly favor advancing the interests of the farmer, as I know the Senator from Oregon does. I have served on the committee with him for 2 years and I am glad to say it here that he has always been faithful in his efforts to better the condition of agriculture. I have never heard him strike a partisan note during all the discussion in the Committee on Agriculture—and we have been in session almost as constantly as has any committee of the Senate—nor have I ever heard the Senator from Oregon express at any time any thought or idea that he did not believe was in the interest of the farmer. However, he has some ideas with which I do not agree, although we are driving at the same object. His protest against this section of the bill is because of the effect he fears it may have upon retailers stocking up or wholesalers stocking up; but I submit that the mere possibility at some future time of a change in the tax rate, designed to bring about corrections, which are more important than a mere delay in buying, and the anxiety because of the possibility of such an uncertainty arising ought not to deter us from placing in the power of the administration the authority to adjust the rate from month to month or more often as it may develop by reason of any circumstances which may arise after the tax has once been fixed.

Let me suggest that if we are not going to permit any degree of flexibility, if we are not under any circumstances going to permit the Secretary of Agriculture to change the amount of tax, then the only alternative course is for the Senate itself to write into the bill the tax and to make it unchangeable. We all recognize that to be impracticable. We all recognize that the rate of that tax depends upon the application of one plan or the other. Take cotton, for in-

stance, as an illustration of the point I am making. If we employ the allotment plan, with less than 5,000,000 bales of cotton domestically consumed, a tax of about 7 cents a pound will be needed. If we use the rental plan, leasing land so as to reduce production 40 percent or more, then probably we shall not need a tax of more than 3½ cents per pound. So the size of the tax depends upon what plan shall be used. It may, of course, as I have insisted under changed conditions, new developments, be necessary from time to time to make changes in the tax, whether it be applied to the rental plan or the allotment plan.

Mr. VANDENBERG. Mr. President, will the Senator from Alabama yield to me?

Mr. BANKHEAD. Certainly.

Mr. VANDENBERG. The Senator indicates a possible tax of 7 cents a pound under the allotment plan and 3½ cents a pound under the leasing plan.

Mr. BANKHEAD. The amount of the tax is merely suggestive.

Mr. VANDENBERG. Will the Senator indicate what it might be under the cost-of-production plan?

Mr. BANKHEAD. I shall be very glad to discuss the cost-of-production plan when we get to it, but I will say now, so that there may be no misunderstanding in the Senator's mind and in the mind of any other Senator hearing me, that I am opposed to that section of the bill embodying the cost-of-production plan. When we reach that section I will discuss that question; but I would rather not obscure the question now before us nor be diverted from its discussion, because I do not think a debate on the cost-of-production plan would throw any light upon the flexibility provided in the section now under consideration, because there is no tax involved in the cost-of-production plan.

Mr. President, that is all I have to say about the pending question. I think we would very largely destroy the effectiveness of the operation of the bill, its sympathetic and friendly operation toward all the interests involved if we should require the Secretary of Agriculture, in the first instance, to fix a tax which could not be changed. My own judgment is that he ought not to fix the highest tax that he is authorized to fix at the very first step of the program. If the tax shall overnight be put too high, if overnight a tax of 50 cents a bushel should be imposed on wheat or 7 cents a pound on cotton under an allotment plan, would we too greatly wrench the whole trade in that line of commodities? I think it will be more effective and make the bill more acceptable if the Secretary of Agriculture shall be authorized to step up the tax from time to time, starting in a gradual way and finally reaching the necessary goal to give the farmer the purchasing power contemplated under the bill.

Mr. SMITH. Mr. President, those Members of the Senate who have not heard the testimony or who perhaps have not read it thoroughly and caught the spirit of the bill will see that this particular paragraph, subsection (b), provides that—

The processing tax shall be at such rate as equals the difference between the current average farm price for the commodity and the fair exchange value of the commodity.

Mr. CONNALLY. Mr. President, will the Senator from South Carolina yield to me right there?

Mr. SMITH. I yield.

Mr. CONNALLY. Of course, when this tax is first fixed, it must be determined what the current price is.

Mr. SMITH. I am coming to that feature now.

Mr. CONNALLY. But after the tax has once been put on, and is in operation, then how is it known what the current price is?

Mr. SMITH. I just started to say that the text of this bill provides that it shall act automatically. The current price is taken today, and a tax is fixed which in the judgment of the Secretary of Agriculture, according to the facts before him, approximates or equals the parity prevailing during the basic period. Tomorrow the price goes down and automatically the tax increases just by the percentage that it goes down.

Mr. CONNALLY. Suppose cotton is selling on the market tomorrow at 6 cents. We put this bill into effect and have a 2-cent tax. There would still be a market for the cotton; and the Senator's idea is that if the 2 cents tax did not raise the price to 8 cents, but only to 7 cents, we would still put on another cent tax?

Mr. SMITH. No. Suppose the bill goes into effect and that the step-up we want now is 2 cents. Cotton goes down tomorrow a quarter of a cent. The tax then would be $2\frac{1}{4}$ cents, because we want to keep that parity. The tax goes up automatically. But if cotton goes up 1 cent a pound, the tax is automatically that much less, because the bill provides that when the price of the commodity shall equal the parity period the tax is gone.

Mr. CONNALLY. In other words, it is really an attempt to peg the price at a certain figure, and if the first tax does not do it, then another one is added.

Mr. SMITH. Mr. President, the genius of the bill is this.

Mr. CONNALLY. But I do not understand "genius." [Laughter.]

Mr. LONG. Let him go ahead. I want to know about the genius.

Mr. SMITH. I thought perhaps in a body of geniuses the term would be perfectly well understood.

Mr. CONNALLY. But we want it explained so that we farmers will understand it.

Mr. SMITH. Then the Senator is not in the class of geniuses?

Mr. CONNALLY. No; I am not a genius!

Mr. SMITH. Very well. Under the terms of the bill we fix a certain period for the parity price. The average price for that period is the relative price the farmer is going to get; that is, his price will be 100 cents worth of the things he is going to buy. The Senator said it is pegging the price. It is practically doing that.

Mr. CONNALLY. It is an attempt to do it.

Mr. SMITH. We are bringing it to where the 100-cent farmer dollar will buy 100 cents' worth of what the farmer wants to buy. If we take not the full relativity, to use Mr. Einstein's term, but if we take the proportion that cotton will have to come up—say, 2 cents a pound—and if we take as the proper price the consuming public should pay that price which would bring a fair return to the farmer under the circumstances, then the situation would be this: We fix the tax of 2 cents a pound. Cotton goes down a cent, and the tax then becomes automatically 3 cents, because we have fixed the 2 cents on the basis of the price of cotton the day we fixed it. If cotton goes up a cent, then the tax is only 1 cent.

Mr. CONNALLY. Can the tax be changed every day?

Mr. SMITH. The tax automatically changes itself as each day requires a fluctuation from the fixed standard.

Mr. CONNALLY. I want to get that straight. Suppose cotton is 7 cents today and a number of merchants buy cotton at that figure and then we put a tax on tomorrow to bring it up to 8 cents.

Mr. SMITH. But we would not put on a tax. The tax is based upon, let us say, a price of 6 cents today. We fix the parity at 8 cents, requiring a tax of 2 cents a pound. Cotton goes up only a cent a pound and we have to collect only 1 cent a pound tax. If tomorrow cotton goes down to 5 cents we have to collect 3 cents tax. It works automatically so the trade knows every day what tax it has to pay by virtue of the conditions. But if the Secretary of Agriculture finds that the price of 8 cents is too much, then under the terms of the bill he can put the tax at 1 cent.

Mr. ROBINSON of Arkansas. Mr. President, the tax does not change except when altered by the Secretary of Agriculture.

Mr. SMITH. Oh, I beg the Senator's pardon.

Mr. ROBINSON of Arkansas. Oh, no!

Mr. SMITH. For this reason: Suppose cotton were 6 cents a pound today and the parity price would be 12 cents. If cotton goes up a cent a pound tomorrow, the tax necessarily would be only 5 cents. If it should rise the next day

another cent the tax would be only 4 cents. If the parity is on the basis of 6 cents, with the relation to 8 cents as the first step-up, and when I sell my cotton I get 7 cents for it, the man who fixes my certificate would give me a certificate to get 1 cent more, because my certificate would show what I got for the cotton. If I got 8 cents for my cotton, I would not get any tax at all. That is exactly what the bill means, as the Senator would realize if he would read it.

Mr. ROBINSON of Arkansas. I have read it carefully and I say that the tax, once imposed by the Secretary, remains the same, whatever rate he imposes, until he changes it.

Mr. SMITH. If the Senator will read the paragraph I have just read, he will see what it means. It provides that the processing tax shall be at such a rate as equals the difference between the current average farm prices for the commodity and the fair exchange value for the commodity. Now, "current" means each day. If we fix that value at 8 cents that we are going to get for a given period—

Mr. ROBINSON of Arkansas. I see where the Senator's statement is going to lead, but if he will read the bill himself [laughter]—

Mr. SMITH. I have read it ad nauseum. [Laughter.]

Mr. ROBINSON of Arkansas. He will see that the Secretary of Agriculture fixes the rate as of the date the tax first takes effect.

Mr. SMITH. Exactly. That is exactly what I said. Suppose he fixes it at 2 cents above today's price, and as the result of that fixing the price drops 1 cent. He will then say, "I have gone a little too high." Under the genius of the bill—no, Mr. President, I will not use that term any more! [Laughter.] Under the terms of the bill he can lower that tax if he finds that by the imposition of the 2 cents it has caused less consumption. But if, upon investigation, he finds that the drop in price is from some other cause than consumption—manipulation of the market, for instance—then the tax would be 3 cents, because the bill says the parity shall be maintained.

Mr. ROBINSON of Arkansas. In order that there may be no misunderstanding by the Senator from South Carolina, I think that some members of the committee and I have an entirely different construction from that which he has placed on it. I think the tax, once levied at whatever rate fixed by the Secretary of Agriculture, is perpetuated until that rate is changed by him.

Mr. SMITH. Let me give this illustration to the Senator from Arkansas. Suppose we fix a tax of 4 cents a pound. The difference between the present price of farm products, to bring them to a parity, means 4 cents a pound on cotton today. Tomorrow cotton advances 2 cents a pound. Are we still going to levy a 4-cent tax?

Mr. BANKHEAD. Mr. President, will the Senator let me explain that?

Mr. SMITH. No; I want to get my explanation straight, because one of the reasons why I think this might be an admirable thing is that as the price rises the tax becomes less, because the bill provides that when the price shall equal the parity price fixed in the bill the tax shall cease and determine.

Mr. CONNALLY. Mr. President, I think I can reconcile the differences between the Senator from South Carolina and the Senator from Arkansas. I think they are both partly right.

Mr. SMITH. The Senator means me mostly? [Laughter.]

Mr. CONNALLY. Possibly so. Evidently, as I read the bill, when the Secretary fixes the tax it stays fixed until he unfixes it by changing it. On the other hand, the Senator from South Carolina, reading the processing-tax feature, has read what is merely a definition, but is also a limitation on the power of the Secretary, indicating that that is the rate of tax that he shall fix.

If he fixes it and it does not have the effect desired he will have to fix it again, as I see it.

Mr. ROBINSON of Arkansas. That is the reason for giving him the power to change it.

Mr. CONNALLY. That is the reason for the language following, which provides that, unless that result is attained, then the Secretary shall cause appropriate investigation and due notice, and so on. I do not see how the tax could be fixed automatically because all we would have to do, according to the theory of the Senator from South Carolina, is to fix it once and go off and leave it and it would take care of itself. But that cannot be. That is what is the matter with the farmer now. We have fixed him and gone off and left him. [Laughter.]

Mr. SMITH. The theory is that if by the imposition of the tax there is a decrease in price and, upon investigation the Secretary so finds, then he may change it.

Mr. CONNALLY. That is why it cannot be automatic. We have to wait for the Secretary to determine just how much of a change to order. That is why I was interrogating the Senator in the way I did. If the price fluctuates and today it is 7 cents and tomorrow 8 cents, would there not be a daily change in the rate?

Mr. SMITH. I have tried to visualize it as a cotton producer.

Mr. LOGAN. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Kentucky?

Mr. SMITH. Certainly.

Mr. LOGAN. The Secretary fixes the price in the first place, does he not?

Mr. SMITH. He fixes the tax.

Mr. LOGAN. Let us stick to it as the price. The tax follows automatically because it is the difference between the market price and the price fixed. As the price of any commodity rises toward the base price, the less the tax is until it reaches the base price, and then there is no tax.

Mr. SMITH. Exactly.

Mr. LOGAN. But if it goes down, the tax increases. Every time the price goes down from the base price then the tax must necessarily increase.

Mr. SMITH. Yes; and if the Secretary finds that the decreased price is on account of the imposition of the tax he can modify it.

Mr. LOGAN. That is correct.

Mr. SMITH. That is as far as I have gone.

Mr. LOGAN. The Senator is right. I am agreeing with him absolutely.

Mr. SMITH. Good enough.

Mr. President, the bill would be absurd if that were not a fact, for this reason: Suppose the price were fixed upon the basis of today. We want to raise it to 8 cents. That is our objective. That is our base price. I sell cotton stipulated under the bill, and the man who buys it makes a statement that he gave me 7 cents for it. I carry the statement to the commissioner, and the commissioner issues a certificate that I am entitled to 1 cent, because the addition of the 1 cent would make the 8 cents which we desire to reach. If, on the other hand, the price were to go down a cent, and I presented that to the commissioner, he would say, "You are entitled to 3 cents," because the objective is 8 cents. Otherwise cotton might rise from 6 cents or 5 cents up to 7 cents, and the same identical tax would be collected as though there were no change at all.

Mr. LOGAN. Now, may I ask the Senator another question? If, over a series of months or years, it is found that the base price is wrong, and that the yardstick has changed, then the Secretary of Agriculture may establish a new base price?

Mr. SMITH. Why, as a matter of course; and I did my best to call attention to the fact that once the parity price is fixed—and it must be fixed—

Mr. LOGAN. The tax is automatic?

Mr. SMITH. The tax then is automatic until it is found that consumption has been arbitrarily interfered with, and I challenge anyone here to disprove that statement.

Mr. LOGAN. I hope the Senator can make the Senators understand that.

Mr. WHEELER. Mr. President, let me say to the Senator that I do not understand that there is anything automatic about this tax.

What takes place is this: Suppose we take wheat. If wheat is selling today at 50 cents and the Secretary of Agriculture finds that the base price to give a wheat farmer the purchasing power that he had from 1909 to 1914 is 94 cents, he would then add 44 cents tax. That is the tax he would add; and when that tax went to the processor, my understanding is, from the testimony given before the committee, that the tax would be 44 cents. If at any time the Secretary found that tax was wrong, he would change it.

Mr. SMITH. Let me ask the Senator a question. Suppose immediately upon the imposition of the 44 cents tax a miller says, "I will give this purchaser 60 cents for his wheat." Under the terms of this bill the man who buys that wheat has to give the seller a certificate of how much wheat he bought, what percent of the total amount he bought. That is all he has to do. Then the producer goes to his county commissioner and he figures out what percentage is for export and what percentage is for domestic consumption. He has to give me—the wheat producer—a certificate showing how much money I am entitled to under the parity. The statement from the buyer says, "This wheat sold at 60 cents." The commissioner figures the difference between 60 and 90 cents and gives the farmer a certificate, and that is all the tax that will have to be paid.

If it does not work that way, how would you work it? Because there is a paragraph in the bill which provides that the Secretary may not issue any licenses at all, but may agree with the processors that they will offer the base price to begin with, and neither require a license nor require anything but that agreement.

If they agree to give the base price, there is no tax at all, because all the farmer has to do is to go out and sell his stuff. The miller has already paid, or agreed to pay, the base price without any licenses or any further complications; and therefore the county agent will write out the certificate for the full amount of the parity.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. SMITH. Yes; I yield.

Mr. BARKLEY. In other words, under either operation the farmer gets what would be the base price, except that he gets it in a round-about way in one case and directly in the other. For instance, if the base price of wheat is 90 cents and he gets 90 cents, that is the end of it?

Mr. SMITH. That is the end of it.

Mr. BARKLEY. But if the base price is 90 cents and the purchaser pays him only 60 cents, then the purchaser must pay 30 cents to the commissioner, and in turn the farmer gets that 30 cents?

Mr. SMITH. Why, certainly; or the same thing in principle if he pays 70 cents.

Mr. BARKLEY. Or 80.

Mr. SMITH. Yes.

Mr. BARKLEY. So that wherever he sells his product for less than the base price the farmer ultimately gets the base price, but part of it he gets in a round-about way and the other part directly.

Mr. SMITH. Yes.

Now let us take the other side. Suppose when you go out to sell, wheat has gone down below the base price as of the day that the commodity price goes into effect. You have to take some day as the basis. Suppose when it goes into effect wheat is 40 cents a bushel. When you go to sell your wheat they say, "We will charge 50 cents tax." When you go to sell your wheat you get 50 cents. Forty cents is due. The man who makes out the slip makes it out for the entire amount at the market price. That goes to the commissioner at the county seat. He figures what percent is exported and what percent is used domestically.

Mr. BARKLEY. Mr. President, right there, by what formula is any county commissioner in any ordinary county seat going to figure out what proportion of anybody's wheat

is going into domestic consumption and what proportion is going into foreign consumption?

Mr. SMITH. Under the terms of the bill that is to be ascertained by the Secretary of Agriculture and furnished to him.

Mr. BARKLEY. In other words, then, it is an average percentage for the whole country?

Mr. SMITH. Why, certainly.

Mr. BARKLEY. It is not figured on the basis of any one man's crop?

Mr. SMITH. Oh, no. It is an average percentage, so that everybody will get the same percentage.

Mr. BARKLEY. That information is furnished to the commissioner by the Department, so that he knows, out of every man's crop, regardless of the number of bushels, what proportion of it will go into foreign trade and what proportion will stay at home?

Mr. SMITH. Just exactly as it is figured.

Mr. BARKLEY. This thing is almost simple.

Mr. SMITH. Why, it is. If anyone will study the bill carefully, any of the geniuses here—they will find that this thing will work necessarily. The machinery that is set up takes care of it.

Let us take cotton. Cotton today is 6 cents a pound. Suppose the ultimate price is fixed at 12 cents a pound. The difference between what it is bringing today and the parity is 6 cents a pound. I go to sell mine, and they give me 8 cents a pound. I take the statement of that price to my county commissioner, and he figures up that I have already received 2 cents of the 6, and I am entitled to only 4 cents a pound more. It is perfectly plain—perfectly automatic.

Mr. LOGAN. But, Mr. President, suppose 60 percent of the cotton is exported and only 40 percent of it is for home consumption. There is the other 4 cents. The farmer would get only 40 percent of that 4 cents, would he not?

Mr. SMITH. No; they would figure out what percentage is to be exported and what percentage is to be domestically consumed, and he would get the 40 percent only on what is domestically consumed.

Mr. LOGAN. That is what I thought.

Mr. BARKLEY. In other words, there is no tax levied on the proportion of it that is supposed to go abroad.

Mr. SMITH. Not a dollar.

Mr. BARKLEY. And when the farmer gets his price, if it is cotton, he gets his 5 cents on that, and he is through?

Mr. SMITH. He is through.

Mr. BARKLEY. But only on the other 40 percent, we will say, is the tax collected, and then it is turned over to him?

Mr. SMITH. Yes. There is about 45 percent consumed in this country.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. ROBINSON of Arkansas. The purpose of the revenue to be obtained from the tax is stated in section 9 (a):

To obtain revenue for extraordinary expenses incurred by reason of the existing national economic emergency, including expenditures for rental and benefit payments and administrative expenses under this title.

Mr. SMITH. Yes, sir.

Mr. ROBINSON of Arkansas. How are we going to obtain revenues for those purposes if the tax automatically goes off with a change in the price level?

Mr. SMITH. Because there are two different principles in the bill. They are distinct principles. One is the leasing principle, which I attempted to explain the other day, which has no reference whatever to the allotment principle. The Secretary said to us before the committee that in the territory where he proposed to apply the leasing principle he would not apply the allotment principle, for the obvious reason that if he is going to rent the land, then he will fix an unchangeable, arbitrary tax on the processing commodity, because he has figured out how much land he wants to lease and what rent he is going to pay. Therefore he fixes

a definite, unchangeable tax to get money enough to lease the 50,000,000 acres of land. That has no reference to the allotment. The language the Senator has read was inclusive of both principles, but both of them cannot be worked with the same farmer or perhaps in the same territory.

Mr. ROBINSON of Arkansas. Does the Secretary levy a special tax to pay administrative expenses?

Mr. SMITH. No; he levies enough to take care of the administrative expenses. Of course he is going to give himself a margin in either case.

Mr. ROBINSON of Arkansas. But where does he get that if the tax automatically disappears or fluctuates with the changes in the price level?

Mr. SMITH. Because he will have that much less expense. The farmer gets the money, and that is the object. The Secretary also intimated that he may have to come to the Treasury and get an appropriation to cover just exactly the point that I have made here to the Senate.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. SMITH. Yes; I yield.

Mr. VANDENBERG. The Senator seems to be having some trouble with the price-fixing factors of the bill. I wonder if he will permit me to read him just a few sentences which may throw a great deal of light on the subject.

I have in my hand a pamphlet issued by the Department of Agriculture under the authorship of Mr. Mordecai Ezekiel, who, I understand, will be one of the high administrators of this new system.

Mr. SMITH. What is the name?

Mr. VANDENBERG. Mr. Mordecai Ezekiel.

Mr. SMITH. Yes, sir.

Mr. VANDENBERG. In dealing with the price factors affecting hogs, Mr. Ezekiel makes the whole thing very plain; and I want to read the Senator these sentences.

Mr. SMITH. In reference to what?

Mr. VANDENBERG. The price of hogs, which are affected also by this bill.

Mr. SMITH. I know; but that is more complicated than this.

Mr. VANDENBERG. I hope the Senator will let me read this to him to show what a grasp Mr. Ezekiel has upon this subject.

Mr. SMITH. To be sure.

Mr. VANDENBERG. I read:

The price for each month may be conceived as represented by a small black ball, suspended above the line for its own date, at the height of the average price for that month, and as far over from right to left as indicated by the supply for that month. There would necessarily be only one ball for each month. These balls, however, would all be very close to the demand surface, a little above it for those months when the actual price was higher than the price as shown by the correlation formula and a little lower for the months when the actual price was a little below the estimated price. In general, however, it would be seen that the demand surface approximated the position that these prices occupy, as they were thus suspended through space and time.

I want to know if that does not clear it up. [Laughter.]

Mr. SMITH. I should like to have the Senator explain that explanation.

Mr. LOGAN. Mr. President, may I inquire the name of the gentleman who wrote that pamphlet?

Mr. LONG. Mr. President, a point of order.

Mr. LOGAN. I should like to know the name of the authority.

Mr. VANDENBERG. The authority is Mr. Mordecai Ezekiel, who is to be one of the high administrators of the new farm relief bill.

Mr. LOGAN. He would not be supposed to know anything about hogs, would he, with that name? [Laughter.]

Mr. VANDENBERG. Mr. President, regardless of the nomenclature, I hope the Senator from Kentucky will pursue this subject in this very interesting pamphlet, because I have only scratched the surface of this illuminating discussion of hogs by Mr. Mordecai Ezekiel.

Mr. SMITH. Now, Mr. President, I want to say just a few words, and then I am through.

I do not want any Member of this body to think that I—the Senate will excuse this personal allusion, but I am entitled to make it—that I, perhaps the nearest approach to a real dirt farmer of any Member of the Senate, have any object in view except to aid that distressed element of our population who, from time immemorial, have been notoriously poor, and the butt of every joke that appears in our literature.

Mr. LONG. Mr. President—

Mr. SMITH. Just one minute. I want to get through with what I have to say.

I do not want the impression to go out that I am opposing legislation in reference to the occupation in which I and my forebears have been engaged. After 24 long years of service in this body, I do not want to be met with the insinuation that I am trying to block legislation looking toward the relief of those for whom I have spent all my official life. I have more reason to be the author and champion of legislation looking toward the relief of the farmer than any other man in this body, and no man dares charge me with being unfaithful to that trust.

Mr. President, I want to put a stop now and forever to the idea that I for any reason but for the aid of agriculture have taken the position I have taken. I believe I have more knowledge of what is necessary to aid the man between the plow handles and the man with the hoe than the man who makes his living otherwise and flirts with agriculture as a side line. I am tired of being dictated to in this body by window-sill agriculturists. I want the man who talks to me about agriculture to be the man who has fought the boll-weevil, who has gone out and has seen one tropical storm wipe out his hope of existence, not of profit, because he has never made a profit.

Am I to be asked to come into this body and subordinate my convictions to the theories of those who do not know a cotton stalk from a jimsonweed? Must I come here and subordinate my convictions to a lot of men who have never borne the heat and burden of the day?

Thank God, I have the confidence and respect of my colleagues in this body for my sincerity of purpose and honesty of conviction, and I will not become an intellectual prostitute for any man. My convictions are not for sale to anybody. Must I stand here today and have about me the atmosphere that I will not faithfully do my duty to try to benefit those to whom I belong?

Mr. President, I hope that it will not be necessary for me to refer to this again, but if it does become necessary I will refer to it more positively than I have done this evening.

So far as the pending bill is concerned, I am going to let it take its course, hoping and praying that it may bring about the result which those who drafted it and are putting it through hoped it might; but I do not believe it will, I am not going to subordinate my convictions to those of anybody else. I am not throwing monkey wrenches into the machinery, but I am not going to attempt to extol that which I do not think worthy of being extolled, or to advocate that which I do not believe will do the work which the poor farmers need to have done. No; I will not.

Mr. President, I am a Democrat. I defy any man in this body to put his finger on one vote or one statement of mine which does not ring true to democracy. Every vote I have cast, every speech I have made, has been as pure democracy as that of Jefferson himself, and who is to rise up in this hour of the incoming of a Democratic administration and charge me with a lack of fealty to Democratic principles? I will stand here and vote to uphold them now as I have heretofore. No man shall ever question it.

Mr. President, I see that there is intimation, even on the other side, of Senators yielding to some of the great doctrines of the party to which I belong. I welcome them coming, and pray God that on this side Senators will stand fast to those doctrines. We were swept into power because the people of the United States believed that the Democratic Party was the only organization which could save the country in this, her hour of imminent peril. God grant that every one of us will be true to the confidence expressed

in us on November 8, 1932. So far as I am concerned, I shall stay true to those principles despite all question. I will keep my political self-respect, my personal and mental integrity, at all costs, and I believe that my colleagues will grant me that.

Mr. CAREY. Mr. President, I wish to present an amendment in the nature of a substitute for the pending bill, and ask that it may be printed and lie on the table.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

Mr. LONG. Mr. President, it is hardly fair to the Department which has issued the bulletin to which attention has been called to have excerpts read, as the Senator from Michigan has done, without the accompanying descriptive matter. I am sending to the desk the table, and I ask that the portion on page 34, which has been marked, may be read by the clerk.

The PRESIDING OFFICER. The clerk will read.

The legislative clerk read as follows:

Factors X_1 , X_2 , and X_3 were included as different measures of the influence of supply; factors X_4 , X_5 , X_6 , X_7 , and X_8 as forces influencing demand; X_9 to allow for any trend in price apart from that accounted for by the factors stated; and X_{10} to adjust for the effect of changes in the value of money upon hog prices.

Since practically all of the factors were thought to have a relative rather than an additive relation to price, all of the factors except X_9 , time, were stated as logarithms.

Correlating the factors thus stated, a multiple correlation of hog prices with the 10 other factors of $R=0.936$ was obtained. Correcting this to take account of the fact that 10 constants were determined with only 90 observations, the true multiple correlation is reduced to 0.928.

The regression equation is as follows:

(1) $\log X_{11} = -0.09443 \log X_1 + 0.15888 \log X_2 - 0.21986 \log X_3 - 0.23675 \log X_4 - 0.07250 \log X_5 + 2.23777 \log X_6 + 0.04759 \log X_7 + 0.22659 \log X_8 - 0.03036 \log X_9 + 1.63099 \log X_{10} - K$.

[Laughter.]

Mr. WHEELER. Mr. President, are they still talking about hogs? [Laughter.]

Mr. LONG. Mr. President, this is a table relating to hogs. It clears the matter up.

The legislative clerk continued the reading, as follows:

The value of the constant (K) in this equation varies according to the units in which the different variables are expressed. The variable X_{10} represents the price index, so moving the regression value for that variable to the left of the equality sign gives the regression equation for the prices deflated according to the observed relation.

Mr. ROBINSON of Arkansas. Mr. President, it is perfectly manifest that higher mathematics has not much recognition in this body.

Mr. FRAZIER. Mr. President, I have an amendment which I wish to offer to the pending amendment, if it is in order.

The PRESIDING OFFICER. The clerk will read the proposed amendment.

The LEGISLATIVE CLERK. The Senator from North Dakota offers the following amendment to the amendment: On page 12, in line 2, after the word "commodity" and the period, to insert the following:

In computing the current average farm price in the case of wheat, premiums paid producers for protein content shall not be taken into account.

Mr. FRAZIER. Mr. President, it will be noted on page 11, paragraph (b), that it is provided that the processing tax shall be at such rate as equals the difference between the current average farm price for the commodity and the fair exchange value of the commodity. In the case of wheat the current farm price would be the average price paid to the farmers for their wheat. Some years we have in wheat a high protein content, which gives us a premium price for the wheat. It applies to the hard spring wheat some years in the hard spring-wheat territory; in other years it applies to certain grades of winter wheat in the so-called "winter-wheat territory."

I am anxious to have this amendment adopted, so that that protein premium which may be paid for wheat will not be figured in the current average price of wheat, so that the farmer who gets a protein premium will receive that on top of the average current price.

Mr. President, I will say that this amendment was the provision that was in the old allotment bill that was passed by the House, H.R. 13991, and considered by the Senate during the last session, but which failed of passage in the Senate. The amendment I have offered appears in that bill, for the protection of the wheat growers who might have a wheat that brought a premium for protein content.

Mr. SMITH. Mr. President, if the Senator will allow the amendment to go over for consideration in the morning, I should like to move an adjournment until 12 o'clock tomorrow.

INTERPRETATION OF PRESIDENT'S REGULATIONS RESPECTING VETERANS (S.DOC. NO. 19)

Mr. WALSH. Mr. President, I ask unanimous consent to have printed as a Senate document a communication which I have received from the Solicitor of the Veterans' Administration.

As is well known to the Senate, the President issued certain regulations on March 31, 1933, under the "act to maintain the credit of the United States Government." These regulations are more or less legalistic in form, and it occurred to the Senator from Georgia [Mr. GEORGE] and myself to write the solicitor asking him to give us a detailed explanation of each regulation, and we did so. The correspondence I hold in my hand furnishes the information called for. It is very helpful, and every veteran in the country ought to have the benefit of the information. It not only restates the regulations issued by the President, but it interprets those regulations and explains just how they will be administered.

I ask unanimous consent that the communication from the Solicitor of the Veterans' Administration be printed as a public document.

The PRESIDING OFFICER (Mr. COOLIDGE in the chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. GEORGE. It will be printed also in the RECORD, I presume?

Mr. WALSH. The difficulty is that there are two styles of type, one for matter printed in the RECORD and one for public documents. Better type will be used if it is printed as a public document, and it will be less expensive than having it printed twice in two different styles of type.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

ADJOURNMENT

Mr. SMITH. I move that the Senate adjourn until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 3 minutes p.m.) the Senate adjourned until tomorrow, Tuesday, April 11, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 10 (legislative day of Mar. 13), 1933

ASSISTANT SECRETARY OF THE TREASURY

Lawrence Wood Robert, Jr., of Georgia, to be Assistant Secretary of the Treasury, in place of Ferry K. Heath, resigned.

GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS

Frank Murphy, of Michigan, to be Governor General of the Philippine Islands.

UNITED STATES ATTORNEY

Peirson M. Hall, of California, to be United States attorney, southern district of California, to succeed John R. Layng, appointed by the court.

PROMOTIONS IN THE REGULAR ARMY

To be colonels

Lt. Col. William James Davis, Infantry, from April 1, 1933.
Lt. Col. John Fleming Clapham, Adjutant General's Department, from April 1, 1933.

To be lieutenant colonels

Maj. Albert Sidney Johnston Tucker, Infantry, from April 1, 1933.
Maj. Marion Ogilvie French, Infantry, from April 1, 1933.

To be majors

Capt. Clarke Kent Fales, Infantry, from April 1, 1933.
Capt. Paul August Hodapp, Quartermaster Corps, from April 1, 1933.
Capt. George Henry Zautner, Quartermaster Corps, from April 1, 1933.
Capt. Ezra Davis, Quartermaster Corps, from April 1, 1933.
Capt. Solomon Foote Clark, Field Artillery, from April 1, 1933.

To be captains

First Lt. Stowe Thompson Sutton, Infantry, from April 1, 1933.
First Lt. James Ainsworth Brown, Infantry, from April 1, 1933.
First Lt. Elliott Raymond Thorpe, Infantry, from April 1, 1933.
First Lt. Oscar Douglas Sugg, Infantry, from April 1, 1933.
First Lt. George Elmer Pruitt, Quartermaster Corps, from April 1, 1933.
First Lt. Le Roy Allen Walthall, Air Corps, from April 1, 1933.
First Lt. Lucas Victor Beau, Jr., Air Corps, from April 4, 1933.

To be first lieutenants

Second Lt. Joseph Howard Gilbreth, Infantry, from April 1, 1933.
Second Lt. James Francis Collins, Field Artillery, from April 1, 1933.
Second Lt. Horace Alvord Quinn, Infantry, from April 1, 1933.
Second Lt. Lee Roy Williams, Infantry, from April 1, 1933.
Second Lt. James Virgil Thompson, Infantry, from April 1, 1933.
Second Lt. Henri Anthony Luebberrmann, Cavalry, from April 1, 1933.
Second Lt. Harold James Coyle, Field Artillery, from April 1, 1933.
Second Lt. Paul Edwin Meredith, Infantry, from April 1, 1933.
Second Lt. Olaf Helgesen Kyster, Jr., Coast Artillery Corps, from April 4, 1933.

PROMOTION IN THE NAVY

MARINE CORPS

* Quartermaster Clerk Rosco Ellis to be a chief quartermaster clerk in the Marine Corps, to rank with but after second lieutenant, from the 25th day of February 1933.

HOUSE OF REPRESENTATIVES

MONDAY, APRIL 10, 1933

The House met at 12 o'clock noon.

Rev. M. R. Fleming, D.D., pastor of the United Brethren Church, Red Lion, Pa., offered the following prayer:

Lord of the world above, Thou art Lord of the world in which we live. God of our fathers, Thou art our God. We come to Thee with songs in our hearts for Thy gracious gifts, which are beyond counting. We thank Thee for the silent and beautiful kingdom of the past. How wonderful has been Thy providence in the life of our Nation. Our hearts are deeply grateful for the riches of grace as found in the blessings of the present.

Give us wisdom to know Thy will and power faithfully to fulfill the same. In all our days grant us divine help, in all

of our dangers divine protection, in all our uncertainties divine counsel, in all our sorrows divine peace.

May the benediction of Thy presence be our rich heritage this day and all our days. May the comforting power of the spirit of God lead us in all life's activities; and may the peace of God that passeth all understanding keep our hearts and minds through the riches of grace. In Christ Jesus our Lord. Amen.

The Journal of the proceedings of Thursday, April 6, was read and approved.

IMPEACHMENT PROCEEDINGS AGAINST FEDERAL JUDGE HAROLD LOUDERBACK

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that the managers on the part of the House in the Louderback impeachment matter be excused from attending upon the sessions of the House during this week.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

AMENDMENT OF HOUSE RULE XIV

Mr. POUL. Mr. Speaker, I offer a privileged report from the Committee on Rules and ask unanimous consent for its immediate consideration.

The Clerk read as follows:

House Resolution 100

Resolved, That upon the adoption of this resolution rule XIV be, and the same is hereby, amended by adding at the end thereof the following new clause, viz:

"8. It shall not be in order for any Member to introduce to or to bring to the attention of the House during its sessions any occupant in the galleries of the House; nor may the Speaker entertain a request for the suspension of this rule by unanimous consent or otherwise."

Mr. KELLER. Mr. Speaker, will the gentleman inform the House just what this resolution means?

Mr. POUL. It stops the introduction of people in the gallery.

Mr. SNELL. I think this is a good resolution and should go through.

The resolution was agreed to.

EMBARGO ON SHIPMENT OF ARMS

Mr. POUL. Mr. Speaker, I present a privileged report from the Committee on Rules, which I send to the Clerk's desk.

The Clerk read as follows:

House Resolution 101

Resolved, That immediately upon the adoption of this resolution the House shall proceed to the consideration of House Joint Resolution 93, a joint resolution to prohibit the exportation of arms or munitions of war from the United States under certain conditions, and all points of order against said bill shall be considered as waived. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 4 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Foreign Affairs, the previous question shall be considered as ordered on the joint resolution to final passage without intervening motion except one motion to recommit.

The SPEAKER. Referred to the House Calendar and ordered printed.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I understand the gentleman from North Carolina has several reports from the Committee on Rules. If it is entirely agreeable to the gentleman from North Carolina and to the House, I think it would be well if unanimous consent were granted to take up at least a portion of these reports, consider them, and dispose of as many as possible of them today.

I make this suggestion for the reason that tomorrow we are going to have the farm finance mortgage plan before the House. It is hoped we can dispose of it within 2 days at the outside. Then I think within a few days we are going to have the securities bill.

I have been running over in my mind just how much additional legislation we would have to pass in the House in order to complete the emergency legislation proposed by the President. According to my best understanding, there

will be at least nine more bills to be passed by the House. Of course, our calendar is clear now, and the House cannot act on any of the bills until the committees report them.

Mr. SNELL. While the gentleman is on his feet, I wish he would tell the House what the program of the majority is for the immediate future. I think we ought to know.

Mr. BYRNS. The only program I can outline to the gentleman from New York is that as rapidly as these bills are reported from committees we will take them up in the House and dispose of them. Naturally, I cannot give the gentleman any information as to when this will be, because I am not informed, but just as rapidly as the bills are reported they will be taken up in the House.

Mr. SNELL. It seems to me within a few days we ought to know what is going to be the definite program of the majority.

Mr. BYRNS. I quite agree with the gentleman. I have just explained why it was impossible for me to indicate to the gentleman any more than I have what the program will be. I just stated a moment ago, although possibly the gentleman did not hear me, that the farm bill will be in here tomorrow. It is the expectation to take it up tomorrow; and this was the reason I expressed the hope, if it were agreeable to the gentleman from North Carolina, that he dispose of at least some of his rules today, if it is possible, by unanimous consent so as to clear the calendar for tomorrow.

Mr. SNELL. While the gentleman is on his feet, will he tell us what the nine bills are that he has mentioned?

Mr. BYRNS. It is merely a matter of conjecture, although I shall be pleased to relate some of them to the gentleman.

Mr. SNELL. I wish the gentleman would give us all the information he can.

Mr. BYRNS. We have the farm bill, which will come up for action tomorrow. The securities bill is pending before the Committee on Interstate and Foreign Commerce. The Wagner bill is pending before the Committee on Banking. Then there will be a banking bill of some kind. There will be possibly some legislation with reference to the railroads. Then there is Muscle Shoals legislation. The message in regard to Muscle Shoals will come to the House today and the bill will probably be introduced tomorrow. There is the gasoline tax bill, which is pending before the Committee on Ways and Means.

Mr. BANKHEAD. And there is the 6-hour-day labor bill.

Mr. BYRNS. I was speaking more particularly now of the President's emergency legislation. I understand a bill will come before the House which will seek to give the President some authority in arranging tariffs with relation to the tariffs of other countries—a bill which must be considered and, undoubtedly, should be passed.

Another bill is a public works bill, which, I understand, is contemplated. So there are at least nine bills. In addition to these there is pressing upon the House the Black-Connery bill. I do not know whether this is a part of the administration's program or not, but it is here and on the calendar, I understand.

Mr. SNELL. As long as we are on this subject, with all this very comprehensive legislation before us, it is evident that the Congress will be in session for some time, unless the gentlemen of the majority expect to put this legislation through without any consideration on the part of the House.

Mr. BYRNS. I quite agree with the gentleman; and I am sure no one wants to put through the legislation without giving the House an opportunity to fully consider it; but unless the committees report, of course, the gentleman understands the House cannot take action, and while I am not criticizing any committee, because I think the committees should give full attention and consideration to these bills, I am expressing the hope to some of the chairmen whom I see before me now that they speed these matters just as rapidly as they can in order to give the House something to work on, so we will not have to adjourn over as we had to do last Thursday.

Mr. SNELL. I may say to the majority leader that, while we have done our part in trying to advance the emergency legislation, when it comes to comprehensive legislation that

would affect the policy of this country for a period of years, we shall insist, as far as we are able, on careful and considerate attention on the part of the House.

Mr. BYRNS. I think the entire House is entitled to that.

Mr. SNELL. I am glad to hear the majority leader make that statement.

Mr. BYRNS. But if we are to get away within any reasonable time, we will have to begin consideration of some of these measures, which is the point I am making now.

My own judgment is, we ought not to consider anything in this House until we have disposed of the President's emergency legislation one way or the other. This is all we have done up to this time. However, under the rules, these bills have to go to a committee and, of course, the House cannot act until the committee reports.

Mr. SNELL. A great majority of the bills before us or in the offing are bills affecting policy that should be considered very carefully.

Mr. BYRNS. I agree with the gentleman.

Mr. RANKIN. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. RANKIN. May I ask the gentleman from North Carolina whether or not any of these rules pertain to the discharge rule?

Mr. POU. No.

Mr. CLARKE of New York. Will the gentleman from Tennessee permit one question?

Mr. BYRNS. Yes.

Mr. CLARKE of New York. Do I understand from the gentleman's statement that the Black bill is not now included in the program of the President?

Mr. BYRNS. I do not know, I am frank to say to the gentleman.

Mr. CLARKE of New York. We do not know, either.

Mr. BYRNS. I have not seen any expression from the administration with reference to it, and I am not able to speak for the administration with reference to that bill.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on April 5, 1933, the President approved and signed a bill of the House of the following title:

H.R. 3342. An act to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes.

INVESTIGATION OF THE "AKRON" DISASTER

Mr. POU. Mr. Speaker, there are two resolutions that I believe come with a unanimous report from the Committee on Rules.

I offer now a concurrent resolution providing for an investigation of the Akron disaster, and I shall ask unanimous consent to eliminate the last paragraph of the resolution.

Mr. LEHLBACH. If the gentleman will permit, did I understand the gentleman to ask unanimous consent for the present consideration of the resolution making in order the embargo bill?

Mr. POU. No; this is with respect to an investigation of the Akron disaster.

Mr. MARTIN of Massachusetts. Will the gentleman say that he is only going to call up two rules today?

Mr. POU. No; there is one other that will be called up later. I myself am presenting two.

Mr. MARTIN of Massachusetts. One is the Akron investigation?

Mr. POU. Yes; and the other resolution, which I believe is a unanimous report, prevents the dividing of a question, as reported by the Committee on Rules.

Mr. MARTIN of Massachusetts. The understanding in the Rules Committee was that there would be but two of these resolutions called up today.

Mr. POU. This is by unanimous consent; and if there is any objection, I shall not press them.

Mr. LEHLBACH. Will the gentleman yield further?

Mr. POU. Yes.

Mr. LEHLBACH. The divisibility rule was certainly not a unanimous report from the committee.

Mr. POU. I was in error about that. I shall merely present it for printing under the rule.

Mr. LEHLBACH. And the gentleman does not intend to press the embargo rule at this time?

Mr. POU. Not at this time.

Mr. FISH. Mr. Speaker, reserving the right to object, I would like to ask the gentleman whether he can tell the House when he will bring up the embargo bill under the rule.

Mr. POU. I shall present the resolution to the House today to be referred to the calendar and printed. Just when it will be brought up I cannot state at this time, but it will be in the very near future.

Mr. FISH. Can the gentleman give us some warning in advance so we can have the minority views available? If the measure were brought up today, the minority views would not be available.

Mr. POU. I will do the best I can, but just how much warning I can give I would not undertake to say at this time.

The Clerk read the concurrent resolution (H.Con.Res. 15), as follows:

Resolved by the House of Representatives (the Senate concurring). That there is hereby created a joint committee to consist of five Members of the Senate, to be appointed by the President of the Senate, and five Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives. The committee shall select its own chairman.

Such committee is hereby authorized and directed to investigate the cause or causes of the wreck of the Navy dirigible Akron and the wrecks of other Army and Navy dirigibles, to fix responsibility for the same, to inquire generally into the question of the utility of dirigibles in the Military and Naval Establishments, and to make recommendations to the Senate and House of Representatives with respect to the future use of dirigibles for military or naval purposes. The committee shall report to the Senate and House of Representatives as soon as practicable the results of its investigations, together with its recommendations.

For the purpose of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings, to sit and act at such times and places during the sessions or recesses of the present Congress, to employ such experts, clerical, stenographic, and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths and affirmations, to take testimony, to have such printing and binding done, and to make such expenditures as it deems advisable.

Subpenas shall be issued under the signature of the chairman of the committee and shall be served by any person designated by him. The provisions of sections 102, 103, and 104 of the Revised Statutes shall be applicable to any person summoned as a witness under the authority of this resolution in the same manner as such provisions are applicable to any person summoned as a witness in the case of an inquiry before a committee of either House.

The expenses of the committee, which shall not exceed \$3,000, shall be paid one half out of the contingent fund of the Senate and one half out of the contingent fund of the House on vouchers approved and signed by the chairman of the committee.

The SPEAKER. Is there objection to the present consideration?

There was no objection.

Mr. POU. Mr. Speaker, I move to strike out the last paragraph.

The Clerk read as follows:

Amendment by Mr. POU: Strike out the last paragraph, reading as follows: "The expenses of the committee, which shall not exceed \$3,000, shall be paid one half out of the contingent fund of the Senate and one half out of the contingent fund of the House on vouchers approved and signed by the chairman of the committee."

The amendment was agreed to.

The resolution as amended was agreed to.

AMENDMENT TO CLAUSE 6, RULE XVI

Mr. POU. Mr. Speaker, I present the following privileged report from the Committee on Rules for printing under the rule.

The Clerk read as follows:

House Resolution 102

Resolved, That upon the adoption of this resolution clause 6 of rule XVI be, and the same is hereby, amended to read as follows: "On the demand of any Member, before the question is put, a question shall be divided if it includes propositions so distinct in substance that one being taken away a substantive proposition shall remain: *Provided*, That any motion or resolution to elect members or any portion of the members of the standing committees of the House, and the joint standing committees shall not be divisible, nor shall any resolution or order reported by the Committee on Rules, providing a special order of business be divisible."

The resolution was referred to the House Calendar and ordered printed.

THE POST OFFICE COMMITTEE

Mr. SABATH. Now, Mr. Speaker, I desire to call up the resolution extending the power of the Post Office Committee, giving them additional time to make a report.

Mr. RANSLEY. I understood that the gentleman from Pennsylvania [Mr. KELLY] desired to take the floor in reference to that resolution, and that it would be brought up on Tuesday.

Mr. SABATH. The gentleman from Pennsylvania [Mr. KELLY] is in favor of the resolution, and I do not desire to deprive him of the opportunity to speak on the resolution.

Mr. RANSLEY. It was the understanding of the gentleman that this was not to be called up until tomorrow so as to give him the opportunity to express his views.

Mr. SABATH. Then, Mr. Speaker, I desire to defer my request.

INVESTIGATION OF THE MOTION-PICTURE INDUSTRY

Mr. SABATH. Mr. Speaker, I move to suspend the rules and pass House Resolution 95 relating to the investigation of corporations engaged in the production, distribution, and exhibition of motion and sonant pictures.

Mr. O'CONNOR. This is not suspension day, Mr. Speaker; the gentleman cannot move to suspend the rules.

Mr. MAPES. I make the point of order, Mr. Speaker, that this is not suspension day.

The SPEAKER. The point of order is sustained.

Mr. SABATH. I ask unanimous consent to consider House Resolution 95.

Mr. WARREN. I object, Mr. Speaker.

Mr. SABATH. Then, Mr. Speaker, I present a report from the Rules Committee for printing under the rule.

The Clerk read as follows:

House Resolution 95

Resolved, That there is hereby created a committee which shall be composed of seven Members of the House of Representatives.

Sec. 2. The committee, or any duly authorized subcommittee thereof, is authorized and directed—

(1) To sit and act at such times and places as may be necessary to hold hearings to conduct an investigation and study of all matters relating to the production, licensing, sale, distribution, financing, incorporation, commercial operations, banking, theater leasing or ownership, realty, sound production, and all other related and interrelated combinations, affiliations, and organizations of production, distribution, license, lease or sale, and presentation or exhibition of the product of and by organizations of all character engaged in and/or associated or affiliated or financially or commercially interested in the motion and sonant pictures industry and of all matters and acts relating to or concerned with the issuance and/or sale or hypothecation of motion and sonant pictures industry securities of all forms by such organizations directly or through agents or other means, or by banking or security-selling organizations or their associates or affiliates;

(2) To investigate and study all receiverships, bankruptcies, equity proceedings; all leasing and building of motion-picture theaters, whether or not equipped with sound producing and reproducing mechanism or means; all agreements and arrangements for sound recording and reproduction on motion-pictures film and the exhibition of same; all overt and covert agreements and arrangements with any persons, firms, groups, or corporations for effecting and consummating loans or other financial transactions and for the underwriting, distribution, sale, hypothecation of or speculation in securities issued by or in behalf of motion and sonant pictures corporations or associated or affiliated organizations; and

(3) To investigate and inquire into the dissipation of the assets of the various companies in the payment of exorbitant and unmerited salaries and other forms of compensation to executives, actors, directors, stage managers, and other officers and employees.

Sec. 3. The committee is empowered to subpoena persons, records, documents, swear witnesses, and to secure such data and any or all other information as may be deemed necessary to aid the committee in the ascertainment of the facts.

Sec. 4. The committee is authorized and empowered to employ such legal counsel, technical or other counsel, auditors, clerical, stenographic, and other assistants, to make such expenditures, including expenditures for actual travel and subsistence of members and employees, and for such other and further expenditures as are necessary for the efficient execution of its functions under this resolution, including transcription, printing, and binding of data and reports.

Sec. 5. The committee shall report to Congress on or before the first day of the first regular session of the Seventy-third Congress the result of its investigation and study, together with such recommendations for legislation or other remedial action as it may deem advisable. When its report is filed as provided the committee shall cease to exist.

The resolution was referred to the House Calendar and ordered printed.

TENNESSEE VALLEY DEVELOPMENT (H.DOC. NO. 15)

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee on Military Affairs:

To the Congress:

The continued idleness of a great national investment in the Tennessee Valley leads me to ask the Congress for legislation necessary to enlist this project in the service of the people.

It is clear that the Muscle Shoals development is but a small part of the potential public usefulness of the entire Tennessee River. Such use, if envisioned in its entirety, transcends mere power development: it enters the wide fields of flood control, soil erosion, afforestation, elimination from agricultural use of marginal lands, and distribution and diversification of industry. In short, this power development of war days leads logically to national planning for a complete river watershed involving many States and the future lives and welfare of millions. It touches and gives life to all forms of human concerns.

I therefore suggest to the Congress legislation to create a Tennessee Valley Authority—a corporation clothed with the power of Government but possessed of the flexibility and initiative of a private enterprise. It should be charged with the broadest duty of planning for the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin and its adjoining territory for the general social and economic welfare of the Nation. This authority should also be clothed with the necessary power to carry these plans into effect. Its duty should be the rehabilitation of the Muscle Shoals development and the coordination of it with the wider plan.

Many hard lessons have taught us the human waste that results from lack of planning. Here and there a few wise cities and counties have looked ahead and planned. But our Nation has "just grown." It is time to extend planning to a wider field, in this instance comprehending in one great project many States directly concerned with the basin of one of our greatest rivers.

This in a true sense is a return to the spirit and vision of the pioneer. If we are successful here we can march on, step by step, in a like development of other great natural territorial units within our borders.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, April 10, 1933.

SESSIONS OF COMMITTEE ON MILITARY AFFAIRS

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent that the Committee on Military Affairs may have leave to sit during the sessions of the House for the remainder of the week, beginning tomorrow.

The SPEAKER. Is there objection?

There was no objection.

FARM-MORTGAGE LEGISLATION

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight tonight to file its report on the farm mortgage bill.

Mr. SNELL. Mr. Speaker, I reserve the right to object. I understand that that bill is coming up tomorrow.

Mr. BYRNS. It is our hope that it will come up tomorrow.

Mr. SNELL. But the report is not ready?

Mr. BYRNS. No; but it will be very shortly. I know of nothing else to come before the House.

Mr. SNELL. Are the hearings printed on that bill so that we can get the information upon it? That is all that I am interested in.

Mr. BYRNS. I am informed by a member of the committee that they have had hearings, but he does not believe that they have been printed.

Mr. SNELL. It seems to me that on such an important proposition as that, involving a matter of \$2,000,000,000, establishing an important policy on the part of the Government, running for many years, we ought to have definite hearings and a report which the House itself can study.

Mr. BYRNS. If we do not get this unanimous consent, the bill cannot be reported until tomorrow.

Mr. SNELL. Oh, I am willing to give the gentleman unanimous consent. I am not objecting to that, but this is so important that I think we ought to have an opportunity to study it and look it over very carefully before we adopt it. I expect to support the measure, but, nevertheless, I want to know what I am supporting.

Mr. BYRNS. I think it is the intention of the chairman of that committee, with whom I talked this morning, to consume at least 2 days in the consideration of the bill.

Mr. SNELL. Will it be considered under the general rules of the House?

Mr. BYRNS. That remains to be determined. I have not had an opportunity to talk with him and other gentlemen respecting that. Personally I have no objection to that.

Mr. CLARKE of New York. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. CLARKE of New York. Will the gentleman include in his request the right as well for any minority member to present minority views, so that they may be protected in their rights?

Mr. BYRNS. Yes; I will include that.

Mr. BLANTON. To be printed in the same pamphlet.

Mr. BYRNS. Mr. Speaker, I include that in my request.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that the Committee on Agriculture may have until 12 o'clock tonight to file a report upon the farm mortgage bill, and that minority views may be filed at the same time, to be included in the same pamphlet. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, I now ask unanimous consent that the Committee on Rules may have until 12 o'clock tonight to file a report upon the farm mortgage bill, if they have one.

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. BRENNAN, for 1 week, on account of important business.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 32 minutes p.m.) the House adjourned until tomorrow, Tuesday, April 11, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

13. A communication from the President of the United States, transmitting draft of a proposed provision pertaining to existing appropriations for the Department of Justice, transferring \$3,500 from the appropriation "Salaries,

fees, and expenses of marshals, United States courts, 1933", to "Traveling and miscellaneous expenses, Department of Justice, 1933" (H.Doc. No. 16); to the Committee on Appropriations and ordered to be printed.

14. A letter from the vice chairman of the American Legion national legislative committee, transmitting the proceedings of the Fourteenth Annual National Convention of the American Legion, held at Portland, Oreg., September 12-15, 1932 (H.Doc. No. 17); to the Committee on World War Veterans' Legislation and ordered to be printed, with illustrations.

15. A letter from the Secretary of the Navy, transmitting draft of a bill to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy; to the Committee on Naval Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. POU: Committee on Rules. House Resolution 100. Resolution amending rule XIV of the House rules; without amendment (Rept. No. 29). Referred to the House Calendar.

Mr. POU: Committee on Rules. House Resolution 101. Resolution providing for the consideration of House Joint Resolution 93, a joint resolution to prohibit the exportation of arms or munitions of war from the United States under certain conditions; without amendment (Rept. No. 30). Referred to the House Calendar.

Mr. POU: Committee on Rules. House Concurrent Resolution 15. Concurrent resolution providing for an investigation of the cause or causes of the wrecking of the *Akron* and other dirigibles; with amendment (Rept. No. 31). Referred to the House Calendar.

Mr. POU: Committee on Rules. House Resolution 102. Resolution amending clause 6 of rule XVI by providing that any resolution or order reported by the Committee on Rules providing a special order of business shall not be divisible; without amendment (Rept. No. 32). Referred to the House Calendar.

Mr. SABATH: Committee on Rules. House Resolution 95. Resolution for the investigation of financial, operative, and business irregularities and illegal actions by interests inside and outside the motion and sonant pictures industry; with amendment (Rept. No. 33). Referred to the House Calendar.

Mr. JONES: Committee on Agriculture. H.R. 4795. A bill to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes; without amendment (Rept. No. 35). Referred to the Committee of the Whole House on the state of the Union.

Mr. BANKHEAD: Committee on Rules. House Resolution 103. Resolution providing for the consideration of H.R. 4795, a bill to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes; without amendment (Rept. No. 36). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MONTET: Committee on Military Affairs. H.R. 4423. A bill for the relief of Wilbur Rogers; without amendment (Rept. No. 34). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JONES: A bill (H.R. 4795) to provide emergency relief with respect to agricultural indebtedness, to refinance

farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes; to the Committee on Agriculture.

By Mr. CELLER: A bill (H.R. 4796) to secure compensation to certain World War veterans at a cumulative degree of disability where such disability originated prior to the World War while such World War veteran was in active military or naval service in line of duty; to the Committee on World War Veterans' Legislation.

By Mr. MARLAND: A bill (H.R. 4797) conferring jurisdiction on the Court of Claims to adjudicate the rights of the Otoe and Missouri Tribes of Indians to compensation on a basis of guardian and ward; to the Committee on Indian Affairs.

By Mr. CELLER: A bill (H.R. 4798) to amend section 24 of the Trading with the Enemy Act, as amended; to the Committee on Ways and Means.

By Mr. SHOEMAKER: A bill (H.R. 4799) to raise the commodity price level toward the debt-incurrence stage and to stabilize it thereafter without issuing interest-bearing obligation; to the Committee on Agriculture.

By Mr. CHRISTIANSON: A bill (H.R. 4800) regulating fees of receiver appointed by any court of record in the District of Columbia; to the Committee on the District of Columbia.

By Mr. JAMES: A bill (H.R. 4801) to release the States, Territories, municipalities, and political subdivisions from the obligation to repay relief funds received under title I of the Emergency Relief and Construction Act of 1932, and for other purposes; to the Committee on Banking and Currency.

By Mr. HOWARD: A bill (H.R. 4802) authorizing the creation of Indian tribal councils, and for other purposes; to the Committee on Indian Affairs.

Also, a bill (H.R. 4803) relating to the removal of certain employees in the Indian Service; to the Committee on Indian Affairs.

By Mr. TAYLOR of South Carolina: A bill (H.R. 4804) to repeal the act of February 26, 1929, which provides for the appointment of one additional district judge for the eastern and western districts of South Carolina; to the Committee on the Judiciary.

By Mr. DIRKSEN: A bill (H.R. 4805) to relieve a national banking emergency, to provide for a new series currency issue to be exchanged for outstanding issues, to prevent hoarding of currency, and for other purposes; to the Committee on Banking and Currency.

By Mr. TINKHAM: A bill (H.R. 4806) to provide for the promotion of janitors, cleaners, elevator conductors, and firemen in the Post Office Department; to the Committee on the Post Office and Post Roads.

By Mr. THOMASON of Texas: A bill (H.R. 4807) to provide for reimbursement of one half of the loss and expense paid or borne by cotton growers in fumigating lint cotton and sterilizing cottonseed produced during the years 1921 and through 1932 in regulated or restricted cotton-growing zones or areas in compliance with regulations promulgated and enforced in such zones or areas by the Secretary of Agriculture or by duly constituted authority of the State in which produced to prevent the spread of pink boll worm; to the Committee on Claims.

By Mr. DIMOND: A bill (H.R. 4808) granting citizenship to the Metlakatla Indians of Alaska; to the Committee on Indian Affairs.

By Mr. LOZIER: A bill (H.R. 4809) to repeal the tax on bank checks; to the Committee on Ways and Means.

By Mr. DE PRIEST: A bill (H.R. 4810) to amend section 2057 of the Revised Statutes, bonds of Indian agents, and for other purposes; to the Committee on Indian Affairs.

By Mr. VINSON of Georgia: A bill (H.R. 4811) limiting increased pay for making aerial flights; to the Committee on Naval Affairs.

By Mr. ROBERTSON: A bill (H.R. 4812) to promote the foreign trade of the United States in apples and/or pears, to protect the reputation of American-grown apples and pears in foreign markets, to prevent deception or misrepresentation as to the quality of such products moving in foreign commerce, to provide for the commercial inspection of such products entering such commerce, and for other purposes; to the Committee on Agriculture.

By Mr. AYERS of Montana: A bill (H.R. 4813) authorizing the creation of Indian tribal councils, defining its duties, creating one executive head for each Indian reservation coming within this act, and for other purposes; to the Committee on Indian Affairs.

By Mr. CONDON: A bill (H.R. 4814) to amend the Revenue Act of 1932, to provide that a tax of 3 percent of the amount collected for electrical energy furnished to consumers to be paid by the person or corporation furnishing such electrical energy; to the Committee on Ways and Means.

Also, a bill (H.R. 4815) to amend the Revenue Act of 1932 to provide for the imposition of the electrical-energy tax only on electrical energy actually furnished; to the Committee on Ways and Means.

By Mr. LOZIER: A bill (H.R. 4816) to repeal section 1001 (a) of the Revenue Act of 1932, which increased the rate of postage on certain mail matter of the first class; to the Committee on Ways and Means.

By Mr. POU: Resolution (H.Res. 101) providing for the consideration of House Joint Resolution 93, a joint resolution to prohibit the exportation of arms or ammunitions of war from the United States under certain conditions; to the Committee on Rules.

Also, resolution (H.Res. 102) amending clause 6 of rule XVI, by providing that any resolution or order reported by the Committee on Rules, providing a special order of business, shall not be divisible; to the Committee on Rules.

By Mr. BANKHEAD: Resolution (H.Res. 103) providing for the consideration of a bill (H.R. 4795) to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Colorado, memorializing Congress to include adequate appropriations for the continued efficient maintenance of supervision of oil, gas, coal, and nonmetallic minerals operations by the mineral-leasing division of the United States Geological Survey; to the Committee on Appropriations.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress to promptly enact the administration farm relief bill; to the Committee on Agriculture.

Also, memorial of the Senate of the California Legislature, memorializing Congress relative to United States Senate bills nos. 5417 and 5607; to the Committee on Irrigation and Reclamation.

Also, memorial of the Legislature of the State of Arizona, memorializing Congress relative to the transfer of the remaining public lands of the State of Arizona; to the Committee on the Public Lands.

Also, memorial of the Legislature of the State of Arizona, memorializing Congress relative to resumption of silver as the standard of currency and the transfer of the remaining public land to the State of Arizona without restriction or reservation; to the Committee on Coinage, Weights, and Measures.

Also, memorial of the Senate of the Territory of Hawaii, memorializing Congress relating to requesting the Delegate to Congress from Hawaii to secure \$100,000 Federal aid for improvement of roads at Kalaupapa, Molokai; to the Committee on Roads.

Also, memorial of the Senate of the California Legislature, memorializing Congress relative to proposed issuance of postage stamps in honor of California citrus industry; to the Committee on the Post Office and Post Roads.

Also, memorial of the Legislature of the State of Colorado, memorializing Congress relative to the Federal Securities Act; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURNHAM: A bill (H.R. 4817) granting a pension to Edward Lewis Searl, 3d; to the Committee on Pensions.

By Mr. CANNON of Wisconsin: A bill (H.R. 4818) for the relief of Steve Gibas; to the Committee on Military Affairs.

By Mr. CAVICCHIA: A bill (H.R. 4819) authorizing adjustment of the claim of the Public Service Coordinated Transport of Newark, N.J.; to the Committee on Claims.

By Mr. CELLER: A bill (H.R. 4820) for the relief of Franklin L. Hamm; to the Committee on Claims.

Also, a bill (H.R. 4821) for the relief of James E. Westcott; to the Committee on Military Affairs.

Also, a bill (H.R. 4822) for the relief of Leon Schulman; to the Committee on Claims.

Also, a bill (H.R. 4823) for the relief of Harold Goldstein; to the Committee on Claims.

Also, a bill (H.R. 4824) for the relief of Flensburger Dampfercompagnie; to the Committee on Claims.

Also, a bill (H.R. 4825) for the correction of the naval records of service of the officers and sailors who served during the War with Spain on the steamships *St. Louis*, *Yale*, and *Harvard*, and for other purposes; to the Committee on Naval Affairs.

Also, a bill (H.R. 4826) for the relief of Isadore Sisselman; to the Committee on Naval Affairs.

Also, a bill (H.R. 4827) for the relief of Samuel B. Schweitzer; to the Committee on Claims.

Also, a bill (H.R. 4828) for the relief of Theresa M. Shea; to the Committee on Claims.

Also, a bill (H.R. 4829) for the relief of Bernard Kimmeth; to the Committee on Claims.

Also, a bill (H.R. 4830) to reimburse William McCool amount of pension payment erroneously deducted for period of hospital treatment; to the Committee on Claims.

Also, a bill (H.R. 4831) for the relief of Hedwig Grassman Stehn; to the Committee on Claims.

Also, a bill (H.R. 4832) for the relief of Edgar Sampson; to the Committee on Claims.

By Mr. COLLINS of California: A bill (H.R. 4833) for the relief of Alvah Holmes Mitchell; to the Committee on War Claims.

Also, a bill (H.R. 4834) for the relief of Richard M. Thompson; to the Committee on Claims.

By Mr. CRAVENS: A bill (H.R. 4835) granting a pension to Emma Ruth Cobb Robertson; to the Committee on Pensions.

By Mr. DICKINSON: A bill (H.R. 4836) to provide for appointment of Sgt. Raymond J. Hanna, detached enlisted men's list, United States Army, now serving with Missouri National Guard, a warrant officer, United States Army; to the Committee on Military Affairs.

By Mr. DIRKSEN: A bill (H.R. 4837) for the relief of Louis E. Rotterman; to the Committee on Claims.

By Mr. DOUGLASS: A bill (H.R. 4838) for the relief of the Massachusetts Bonding & Insurance Co., a corporation organized and existing under the laws of the State of Massachusetts; to the Committee on Claims.

By Mr. EVANS: A bill (H.R. 4839) for the relief of Earl B. McLeod; to the Committee on Naval Affairs.

By Mr. GOSS: A bill (H.R. 4840) granting a pension to Helen M. Crowley; to the Committee on Pensions.

By Mr. KELLY of Illinois: A bill (H.R. 4841) for the relief of Bertie Colvin; to the Committee on Military Affairs.

By Mr. KOPPLEMAN: A bill (H.R. 4842) for the relief of Albert A. Clay; to the Committee on Military Affairs.

By Mr. KVALE: A bill (H.R. 4843) for the relief of certain riparian owners for losses sustained by them on the drained Mud Lake bottom in Marshall County, in the State of Minnesota; to the Committee on the Public Lands.

Also, a bill (H.R. 4844) for the relief of Oscar W. Behrens; to the Committee on Naval Affairs.

By Mr. MORAN: A bill (H.R. 4845) granting an increase of pension to Mary E. Robinson; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4846) for the relief of Joseph Dumas; to the Committee on Claims.

By Mr. MOREHEAD: A bill (H.R. 4847) for the relief of Galen E. Lichty; to the Committee on Claims.

By Mr. O'BRIEN: A bill (H.R. 4848) granting a pension to Sarah F. Roth; to the Committee on Pensions.

By Mr. REECE: A bill (H.R. 4849) for the relief of Rowland W. Davidson; to the Committee on Military Affairs.

Also, a bill (H.R. 4850) granting an increase of pension to Sarah J. Lake; to the Committee on Pensions.

Also, a bill (H.R. 4851) granting a pension to Jane Drennon; to the Committee on Pensions.

Also, a bill (H.R. 4852) granting a pension to William B. Gordon; to the Committee on Pensions.

By Mr. STUBBS: A bill (H.R. 4853) for the relief of Walter W. Newcomer; to the Committee on Military Affairs.

Also, a bill (H.R. 4854) for the relief of Samuel Bennett; to the Committee on Military Affairs.

By Mr. TINKHAM: A bill (H.R. 4855) for the relief of Joseph Lynch; to the Committee on Naval Affairs.

By Mr. TRAEGER: A bill (H.R. 4856) for the relief of Thomas Newton Miranda; to the Committee on Military Affairs.

By Mr. WILCOX: A bill (H.R. 4857) for the relief of John Christopher Bauman, Jr.; to the Committee on Naval Affairs.

Also, a bill (H.R. 4858) granting a pension to Emma T. Porter; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

395. By Mr. BETTER: Petition of members of the Senate, State of New York, Albany, N.Y., concurred in April 4, 1933, proposing regulations forbidding sale of American flags in this country that are manufactured abroad; to the Committee on Labor.

396. Also, petition of citizens' protest meeting held in Buffalo, N.Y., on April 3, 1933, relative to alleged Jewish persecution in Germany; to the Committee on Foreign Affairs.

397. Also, petition of members of the Senate, State of New York, urging Congress to enact legislation whereby the Postmaster General would be authorized and directed to issue a special series of postage stamps of the denomination of 3 cents, of such design and for such period as may be determined, in commemoration of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment of Thaddeus Kosciusko as brevet brigadier general of the Continental Army on October 13, 1783; to the Committee on the Post Office and Post Roads.

398. Also, petition of Buffalo Youth Peace Committee, Buffalo, N.Y., relative to disaster of dirigible *Akron*, and urging prevention of similar tragedies by prohibiting construction of this type of armament and abandoning the *Macon*; to the Committee on Naval Affairs.

399. By Mr. BOLTON: Memorial of the Ohio State Legislature, requesting authorization by the Congress of the United States of the immediate improvement of the Beaver and Mahoning Rivers as a means of unemployment relief, and the permanent continuation of industry in the Mahoning Valley; to the Committee on Rivers and Harbors.

400. By Mr. CONDON: Protest of the General Assembly of the State of Rhode Island against the atrocious demand of Adolph Hitler for the political and economic extermination of the Jewish people in Germany; to the Committee on Foreign Affairs.

401. By Mr. HOWARD: Resolution adopted by the house of representatives of the forty-ninth session of the Legislature of Nebraska, that the Secretary of Agriculture, Members of Congress from Nebraska, and the United States Congress, in the name of this body, be urged to promote,

initiate, and support any legislation for the purpose of requiring all motor-vehicle fuels to contain grain alcohol in the percentage shown to produce an efficient fuel; to the Committee on Agriculture.

402. By Mr. KVALE: Petition of American Legion Bearcat Post, No. 504, Minneapolis, Minn., urging increase of postal rates on periodicals to make up postal deficit; to the Committee on the Post Office and Post Roads.

403. Also, petition of united labor organizations of International Falls, Minn., urging enactment of an amendment to the Black bill to protect the American market from goods produced in other countries; to the Committee on Labor.

404. Also, petition of Oshkosh Unit, Yellow Medicine County Farm Bureau, Canby, Minn., urging enactment of legislation for refinancing of farm mortgages at a reasonable rate of interest; to the Committee on Agriculture.

405. Also, petition of American Legion Bearcat Post, No. 504, Minneapolis, Minn., urging inquiry into the activities of the Government loaning agencies; to the Committee on Banking and Currency.

406. Also, petition of the State of Minnesota, urging reduction of yardage fees and feed charges and of commission fees in terminal markets of Minnesota, 30 and 15 percent, respectively; to the Committee on Agriculture.

407. By Mr. LINDSAY: Petition of New York Printing Pressman's Union, No. 51, William F. Wilson, president, New York City, opposing pending amendment to Black bill, exempting newspaper and periodical printers from 6-hour day; to the Committee on Labor.

408. Also, petition of R. H. Comey, of Brooklyn, N.Y., opposing the 30-hour week bill; to the Committee on Labor.

409. Also, petition of H. Jacob & Sons, manufacturers of shoes, etc., Brooklyn, N.Y., favoring the reduction of first-class letter rate to 2 cents; to the Committee on Ways and Means.

410. Also, petition of Sunnyside Gardens Community Association, Long Island City, N.Y., urging reduction of taxes; to the Committee on Appropriations.

411. Also, petition of Feather Sales Agency of Long Island, Inc., Brooklyn, N.Y., opposing the Black bill; to the Committee on Labor.

412. Also, petition of Allied Printing Trades Council of Greater New York, New York City, requesting labor performed on newspapers and periodicals included in the Black 30-hour week bill; to the Committee on Labor.

413. Also, petition of Arnold & Aborn, New York City, opposing Senate bill 158; to the Committee on Labor.

414. Also, petition of Gleason-Tiebout Glass Co., Brooklyn, N.Y., urging the defeat of the 30-hour week bill; to the Committee on Labor.

415. Also, petition of Mawer-Gulden-Annis, Inc., Brooklyn, N.Y., opposing the Connery 6-hour 5-day week bill; to the Committee on Labor.

416. Also, petition of W. G. Creamer & Co., manufacturers, Brooklyn, N.Y., opposing the passage of the 30-hour labor bill; to the Committee on Labor.

417. Also, petition of the Texas Co., R. C. Holmes, president, New York City, concerning Senate bill 158; to the Committee on Labor.

418. Also, petition of Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing Senate bill 158 in its present form; to the Committee on Labor.

419. Also, petition of F. N. Burt Co., Ltd., Buffalo, N.Y., opposing Senate bill 158, the 30-hour week bill; to the Committee on Labor.

420. Also, petition of Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing application of the port authority to the Reconstruction Finance Corporation for loan of \$75,000,000 to finance construction of a tunnel connecting New Jersey and Manhattan at Thirty-eighth Street; to the Committee on the Judiciary.

421. Also, petition of the Senate of the State of New York, Albany, commemorating the one hundred and fiftieth anniversary of Brig. Gen. Thaddeus Kosciuszko; to the Committee on Memorials.

422. By Mr. MEAD: Petition of Buffalo citizens condemning the Hitler attitude against Jews in Germany; to the Committee on Foreign Affairs.

423. Also, petition of the Senate of the State of New York, by Mr. Wojtkowiak, petitioning Congress to issue special postage stamp honoring Thaddeus Kosciuszko, Revolutionary War hero; to the Committee on the Post Office and Post Roads.

424. Also, petition of the Buffalo Youth Peace Committee, abandoning further construction of dirigibles by the Federal Government; to the Committee on Naval Affairs.

425. By Mr. RUDD: Petition of Feather Sales Agency of Long Island, Inc., opposing the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

426. Also, petition of Arnold & Aborn Co., New York City, opposing the passage of the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

427. Also, petition of R. C. Homes, president the Texas Co., New York, opposing the passage of the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

428. Also, petition of Mawer-Gulden-Annis, Inc., Brooklyn, N.Y., opposing the passage of the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

429. Also, petition of Gleason-Tiebout Glass Co., Brooklyn, N.Y., opposing the passage of the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

430. Also, petition of W. G. Creamer & Co., Brooklyn, N.Y., opposing the passage of the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

431. Also, petition of Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

432. Also, petition of F. N. Burt Co., Inc., Buffalo, N.Y., opposing the passage of the Black bill, S. 158, the 30-hour a week bill; to the Committee on Labor.

433. Also, petition of R. H. Comey, Brooklyn, N.Y., opposing the passage of Senate bill 5267, the 30-hour week bill; to the Committee on Labor.

434. Petition of Cohen, Goldman & Co., Inc., New York City, favoring the Black bill, S. 158, with certain amendments; to the Committee on Labor.

435. Also, petition of Allied Printing Trades Council of Greater New York, favoring labor performed on newspapers and periodicals be included in the Black 30-hour week bill; to the Committee on Labor.

436. Also, petition of Legislature of the State of New York, favoring legislation for the issuance of a special series of postage stamps of the denomination of 3 cents, of such design and for such period as may be determined, in commemoration of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment of Thaddeus Kosciuszko as brevet brigadier general of the Continental Army on October 13, 1783; to the Committee on the Post Office and Post Roads.

437. By Mr. SADOWSKI: Resolution of the House of Representatives of Michigan; to the Committee on Ways and Means.

438. By Mr. SNYDER: Resolution adopted by Keystone Post, No. 449, American Legion, of Central City, Pa., and signed by William R. Wigham, post commander; Clyde B. Satterfield, post adjutant; W. H. Fleegle, post service officer; and 50 members of the post, that "we, members of Keystone Post, American Legion, Department of Pennsylvania, here assembled in regular session, and in good standing in National and State departments, do hereby demand the immediate payment in full of the adjusted-service certificates, and that copies of this resolution be forwarded to the Members of the Congress of the United States and that same be inserted in the CONGRESSIONAL RECORD"; to the Committee on Ways and Means.

439. By Mr. TREADWAY: Resolutions submitted by the Legislature of the Commonwealth of Massachusetts, condemning the persecution of members of the Jewish faith in Germany; to the Committee on Foreign Affairs.

440. By Mr. WALDRON: Petition of the Rittenhouse Astronomical Society, urging that no reduction be made in the

appropriation for the Naval Observatory which would curtail its everyday and fundamental usefulness; to the Committee on Appropriations.

441. Also, petition of Baugh & Sons Co., M. L. Shoemaker & Co., Inc., P. Mealey Sons, Charles R. Shoemaker, Inc., Mutual Rendering Co., Enterprise Tallow & Grease Co., Independent Manufacturing Co., Consolidated By-Products Co., and the American Rendering Co., all of Philadelphia, Pa., urging a duty of 5 cents per pound on all imports of animal, marine, and vegetable oils and fats, and upon the oil content of imported raw materials from which such oils are processed in the United States; to the Committee on Ways and Means.

442. By the SPEAKER: Petition of the Allied Smoke and Noise Elimination Committee of Richmond Hill, N.Y., relative to legislation for mortgage relief; to the Committee on Banking and Currency.

443. Also, memorializing Congress to pay the expenses of Minus Mitchell for appearing in the municipal court of Wilmington, Del., on November 4, 1932; to the Committee on Accounts.

444. Also, memorial of Old Glory Post, No. 2044, Veterans of Foreign Wars of the United States, memorializing the President to use the utmost care and consideration in the cases of service-connected disability cases, the aged, and infirm; to the Committee on World War Veterans' Legislation.

SENATE

TUESDAY, APRIL 11, 1933

The Chaplain, Rev. Zeb Barney T. Phillips, D.D., offered the following prayer:

Almighty God, whose most dear Son went not up to joy but first He suffered pain, and entered not into glory before He was crucified, give us this day a clearer vision of the meaning of the cross, as its shadow falls athwart the pathway of our earthly pilgrimage.

Grant unto these Thy servants, folded together in the bonds of fellowship and dedicated to a common purpose, that they may become true interpreters of the mind of Christ in whatsoever way Thou deemest best. Come to us now through the silence; and though duty bids us shun the lonely way, draw near us in the crowd and speak to our souls, above the tumult, words of forgiveness, power, and cleansing, for the sake of One who at this hour hung upon the cross that all mankind might find in Him the way of life and peace. Amen.

THE JOURNAL

The VICE PRESIDENT. The clerk will read the Journal. The Chief Clerk proceeded to read the Journal of the proceedings of Monday, March 13, 1933, when, on request of Mr. ROBINSON of Arkansas, and by unanimous consent, the further reading was dispensed with and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to a concurrent resolution (H.Con.Res. 15) providing for an investigation of the cause or causes of the wrecking of the *Akron* and other dirigibles, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bone	Caraway	Dickinson
Ashurst	Borah	Carey	Dieterich
Austin	Bratton	Clark	Dill
Bachman	Brown	Connally	Duffy
Bailey	Bulkley	Coolidge	Erickson
Bankhead	Bulow	Copeland	Fess
Barbour	Byrd	Costigan	Fletcher
Barkley	Byrnes	Couzens	Frazier
Black	Capper	Cutting	George

Glass
Goldsborough
Gore
Hale
Harrison
Hatfield
Hayden
Johnson
Kean
Kendrick
Keyes
King
La Follette
Lewis

Logan
Lonergan
Long
McAdoo
McCarran
McGill
McKellar
McNary
Metcalf
Murphy
Neely
Norbeck
Norris
Nye

Overton
Patterson
Pittman
Pope
Reed
Reynolds
Robinson, Ark.
Robinson, Ind.
Russell
Schall
Sheppard
Shipstead
Smith
Steinwer

Stephens
Thomas, Okla.
Thomas, Utah
Townsend
Trammell
Tydings
Vandenberg
Van Nuys
Wagner
Walcott
Walsh
Wheeler
White

Mr. REED. I desire to announce that my colleague [Mr. DAVIS] is absent on account of illness.

Mr. FESS. I wish to state that the Senator from Rhode Island [Mr. HEBERT] and the Senator from Vermont [Mr. DALE] are necessarily detained from the Senate.

The VICE PRESIDENT. Ninety-one Senators having answered to their names, a quorum is present.

CLAIM OF THE KORBER REALTY, INC.

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to law, his report and recommendation concerning a claim of the Korber Realty, Inc., Albuquerque, N.Mex., under lease dated April 28, 1931, for \$500, which, with the accompanying report, was referred to the Committee on Claims.

FUNCTIONS OF THE COMMISSION OF FINE ARTS (S.DOC. NO. 20)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Commission of Fine Arts, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report of the functions under the jurisdiction of the Commission, the statutory authority therefor, and the total annual expenditures thereon for the latest complete fiscal year wherever practicable or part thereof as indicated, which, with the accompanying papers, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the Territory of Hawaii, which was referred to the Committee on Post Offices and Post Roads:

Concurrent resolution

Whereas a delegation of the Senate and of the House of Representatives of the Legislature of the Territory of Hawaii, regular session of 1933, visited Kalaupapa, on the island of Molokai, on March 29; and

Whereas this visit has forcibly impressed upon said senators and representatives the urgent necessity of improvement of the government roads, both from an economical standpoint and from the standpoint of the unfortunate inhabitants of this settlement: Now, therefore, be it

Resolved by the Senate of the Legislature of the Territory of Hawaii, regular session of 1933 (the house of representatives concurring). That the Delegate to Congress from Hawaii be, and he is hereby, respectfully requested to secure \$100,000 Federal aid for the roads of Kalaupapa, island of Molokai.

THE SENATE OF THE TERRITORY OF HAWAII.

Honolulu, Hawaii, March 30, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate of the Territory of Hawaii on March 30, 1933.

GEO. P. COOKE,

President of the Senate.

ELLEN D. SMYTHE,

Clerk of the Senate.

THE HOUSE OF REPRESENTATIVES OF THE TERRITORY OF HAWAII.

Honolulu, Hawaii, March 30, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the House of Representatives of the Territory of Hawaii on March 30, 1933.

HERBERT N. AHUNO,

Speaker, House of Representatives.

EDWARD WOODWARD,

Clerk, House of Representatives.

The VICE PRESIDENT also laid before the Senate a resolution adopted by members of the Irish-American Independent Political Unit, No. 6, Inc., of Brooklyn, N.Y., protesting against the ratification of the World Court protocols by the Senate, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the Bergenfield Democratic Club, of Bergenfield, N.J., thanking